



Doing Business In Austria. A Country Commercial Guide for U.S. Companies

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Austria 2005 CCG - Ch 01: Doing Business In Austria

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Market Overview

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This Country Commercial Guide (CCG) presents a comprehensive look at Austria's commercial environment, via economic, political and market analysis. This guide is provided for use by U.S. companies wishing to do business in Austria. The CCG is prepared annually at the U.S. Embassy in Vienna through the combined efforts of several United States government agencies. It is a living document, and its contents are updated during the year, as necessary and appropriate.

Austria, with a population of 8.1 million, is a small but relatively dynamic EU member country offering export opportunities and an investment market for U.S. companies of all sizes. It tends to be overlooked as a place for viable business opportunities, mainly because of the large German market next door, with ten times the population. Austria offers some attractive features as an investment location, and recent Austrian governments have sought to increase that attractiveness through economic reforms and by playing up its historical and economic ties to the region. At present, approximately 370 U.S. firms have subsidiaries, affiliates, franchisees and licensees in Austria, of which about 150 have regional responsibilities for Central European, Eastern European, and Balkan countries. Nevertheless, as an investment location, Austria, and Vienna in particular, face growing competition from Eastern neighbors, all of which are now EU members as of May 2004.

Compared to other EU countries, Austria's economy has performed well in the last year with a projected GDP of \$ 287.3 billion, a growth rate in real terms of 1.9 percent, and an unemployment rate of 4.5 percent for 2004. Projected U.S. exports to Austria in 2004 amounted to \$ 3.6 billion, while U.S. imports from Austria were \$ 6.8 billion. Resulting bilateral trade totalled \$ 10.4 billion. After Germany and Italy, the United States is Austria's third most important trading partner.

Market Challenges

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Austria is a good export market for U.S. companies, with no significant trade barriers. Qualified Austrian agents and distributors can be found for nearly every kind of product. Because of Austria's geographic location and history, many Austrian agents and distributors sell regionally, covering several markets in Central and Eastern Europe in addition to Austria.

When establishing a business in Austria, U.S. companies may still encounter some troublesome bureaucratic barriers. Some Austrian provinces have established one-stop-shops for investors and are competing with each other to eliminate bureaucratic barriers.

Most business activities in Austria are regulated and require that a separate application be made for a business license and for registration in the commercial register. Evidence of proficiency in running a business is required for most businesses. Usually a passing score on an examination or evidence of prior experience in the field is sufficient. For business activities that do not require proof of proficiency, the business license is granted automatically upon registration of the business.

Market Opportunities

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To overlook Austria would be to overlook one of the world's richest nations, on a per capita basis. Austria is a good test market for products or services and is often used as such by companies seeking access to broader European markets. Doing business in and from Austria definitely has its advantages. This introduction briefly explores four advantages that are particularly relevant in 2005.

First, Austria is an international crossroads, bordering on eight European countries: Germany, Italy, Switzerland, Slovenia, Hungary, Slovakia, the Czech Republic, and Liechtenstein. Four of Austria's neighbors joined the EU in May 2004 (Czech Republic, Slovakia, Slovenia, and Hungary), transforming Austria geographically from a country on the eastern frontier of the EU to a more central position in the enlarged EU. Thus Austria is more competitive in offering U.S. companies access to growing markets in the new EU frontier of Eastern and Southeastern Europe. Some ask whether Austria will continue to play a role as "gateway to the East" in attracting U.S. exports and investment, or whether U.S. firms will bypass Austria and go directly to the more growth-oriented and often more pro-business new EU members. Because there is no definitive answer so far to this question, American firms would be wise to assess all options. Currently, U.S. firms continue to view Austria as a prime location. The country has financial and transportation links to the region, and an understanding of regional business practices. Partnerships with Austrian firms having a presence in regional markets may be an attractive option for some U.S. companies.

Second, Austria's economy is well diversified and relatively resilient. The government is seeking to remain competitive by pursuing investment in high potential industries such as telecommunications, non-agricultural biotechnology, medical and pharmaceutical research, and electronics. For U.S. companies in these industry sectors, Austria represents a good opportunity for export, joint venturing, and investment. Under pressure from the newest EU members, which offer lower corporate tax rates, Austria has lowered in 2005 is lowering its corporate tax from 34 percent to 25 percent beginning in 2005. This step demonstrates Austria's commitment to compete with its new EU neighbors. Slovakia's corporate tax rate, for example, is 19 percent. Chapter 4 of this CCG contains more information on individual sectors and opportunities for export. Chapter 6 focuses on the investment climate.

Third, Austria is a member of the EU and the Euro currency zone. The Euro has been the common currency since 2002 and has already facilitated trade and promoted economic stability for U.S. companies, helping them to manage pricing, to balance accounts, and to move products within Austria and throughout EU member countries. One of the drawbacks to Austria's EU membership is that the plethora of EU directives coming out of Brussels are not always readily implemented in Austria, or are implemented in ways that are seen as unnecessarily burdensome or non-transparent. Some U.S. firms have found this frustrating and have cut back on their investment in Austria. Nevertheless, for U.S. exporters, the unified EU market, and the increasingly favorable exchange rate between the Euro and the dollar, means that U.S. goods should be able to compete on advantageous terms in the coming year.

Fourth, the United States is Austria's third largest supplier of goods and services, and its largest trading partner outside of Europe. U.S. companies entering the market for the first time will benefit from the strong trading relationship that is already established between the two countries. Austria is a highly competitive market demanding high product quality, excellent after sale service, and competitive prices. Although Austrian buyers often decide to go with the seller that is closest geographically and that speaks their language, U.S. products and services can compete well with German and other EU member goods and services.

Market Entry Strategy

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The best strategy for an American exporter to Austria is usually to select one sole distributor or agent for the entire Austrian market. The U.S. Commercial Service in Vienna and its industry specialists would be pleased to offer the well-established Gold Key Service, which is one of the most cost-effective methods of entering the Austrian market. For more details please see Chapter 10: Guide to our Services.

Some Austrian companies appoint distributors in Germany who cover all of German-speaking Europe, including Germany, Austria and most of Switzerland. However this may only be advisable in those cases in which the number of customers and end-users in Austria is limited. In such cases, the German distributor may be located in Munich in the German State of Bavaria.

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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Austria 2005 CCG - Ch 02: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/>

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Using an Agent or Distributor

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Qualified Austrian agents and distributors can be found for nearly every kind of product. Because of Austria's geographic location and history, many Austrian agents and distributors sell regionally, covering several markets in Central and Eastern Europe, in addition to Austria.

Establishing an Office

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Establishing a business in Austria means navigating a bureaucratic maze, despite recent efforts by the Austrian government to reduce the paperwork involved. Some regions have moved to set up one-stop shops for entrepreneurs, but the jury is still out on how much of the red tape these new offices can really eliminate. Your first step should certainly be to [contact this office](#) (CS Vienna)!

Most business activities in Austria are regulated and require that separate applications be made for a business license (Gewerbeschein) and for registration in the commercial register (Firmenbuch). Evidence of proficiency is required to operate most businesses. Usually a passing score on an examination or evidence of prior experience in the field is sufficient. For business activities that do not require proof of proficiency, the business license is granted automatically upon registration of the business.

There are several options available to the investor when deciding on the legal form of an Austrian office. These include public corporations, limited liability companies, limited or unlimited commercial partnerships, silent partnerships, branches of foreign enterprises,

cooperative societies, and sole proprietorships. Most foreign-owned businesses choose to operate as a limited liability private company (Gesellschaft mit beschraenkter Haftung or Ges.m.b.H.).

The official investment office of the Austrian government is the "Austrian Business Agency". It is an excellent source of information on all subjects related to opening an office or a production facility in Austria:

Austrian Business Agency
Contact: Hans Nagl
Operring 3
A-1010 Vienna, Austria
Tel.: (0043 1) 588 58 12
Fax: (0043 1) 586 86 59
Email: c.mertens@aba.gv.at
Web: <http://www.aba.gv.at>

Franchising

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Franchising as a business model is still a relatively small factor in the Austrian economy, though the franchising sector continues to demonstrate modest growth. Estimates indicate that franchising accounts for less than 5 percent of total retail sales in Austria (compared to around 50 percent in the United States). The past ten years have seen the total number of franchises in Austria increase dramatically, from under 50 at the end of the 1980's to over 300 today, though growth rates have been stagnating in the past few years with the slowing of the economy.

Around half of the franchise businesses operating in this country are of local origin. The top foreign participant in the Austrian franchising economy is Germany, with around 25 percent of franchises, followed by the United States, with about 10 percent of all franchises operating in Austria. Most German franchisors either set up a headquarters in Austria or franchise direct over the (EU internal) border, whereas most American franchisors choose to expand their operations in Austria through a master franchise partner, a solution that has had mixed results.

Some of the best prospects for franchising include business and personal services, schooling and training, and specialty retailing.

The Austrian Franchise Association collects data, maintains an informative web site, and co-organizes seminars as well as a yearly trade show:

Österreichischer Franchiseverband
Michael Jung
Bayerhamerstraße 12/1
A-5020 Salzburg
Tel.: (0043) 662 874 236-0
Fax: (0043) 662 874 236-5
E-Mail: oefv@franchise.at
Website: www.franchise.at

Direct Marketing

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Within limits set by Austrian law, telephone and direct mail solicitation are very much in evidence in Austria. Telecommunications regulations forbid most forms of e-mail direct marketing. Some U.S. companies, including Tupperware and Amway, have established themselves in the Austrian market with multi-level marketing systems.

Joint Ventures/Licensing

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Joint ventures and licensed production arrangements in Austria offer U.S. firms several advantages, including free access to the European Union market, improved access to Central and Eastern European markets, reduction of transportation costs to European destinations, and high quality production. Joint ventures may be formed as companies, partnerships, or other legal entities.

Austrian companies are receptive to licensing arrangements, especially as a source of technology. Royalty and license fee payments may be freely transferred out of Austria.

In addition to the assistance offered by the U.S. Commercial Service in Vienna, U.S. firms seeking joint venture or license partners in Austria will receive valuable information from the Austrian Government's investment organization:

Austrian Business Agency
Contact: Hans Nagl
Opernring 3
A-1010 Vienna, Austria
Tel.: (0043 1) 588 58 12
Fax: (0043 1) 586 86 59
Email: c.mertens@aba.gv.at
Web: <http://www.aba.gv.at>

Selling to the Government

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The Austrian Government adheres to the WTO (GATT) Agreement on Government Procurement. Austria's Federal Procurement Law was amended in January 1997 to bring its procurement legislation in line with EU guidelines, particularly on services. Austria does not have Buy National laws, but as with any political decision, the economic impact of any new contract is taken into consideration. In addition, some major contracts are negotiated by invitation, and limited tenders and offset requirements are common in defense contracts. For assistance, with specific tenders, please [contact this office](#) (CS Vienna) or our CS [EU office](#) in Brussels.

Distribution and Sales Channels

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Austria enjoys a multitude of distribution and sales channels, including traditional wholesale distribution and retailing, catalog and e-commerce channels, direct marketing methods, franchising, joint ventures and other licensing agreements.

It may be useful to think of Austria in terms of the following five marketing or distribution areas:

- 1) Vienna and vicinity: This is the business and government center and the most populous part of Austria.
- 2) Pre-alpine provinces: These are Styria, Lower Austria, and Upper Austria, where most industrial and agricultural production takes place.
- 3) Alpine provinces: These are Carinthia, Tyrol, and Salzburg, which rely heavily on tourism.
- 4) Vorarlberg: This province in the far western Alps on the Swiss border has a small but wealthy population.
- 5) Burgenland: This province in the eastern flatlands of Austria is the least developed part of the country.

Many Austrian firms distribute to the neighboring markets of Central and Eastern Europe at the wholesale level, and some Austrian retail chains are beginning to build networks in those countries as well. In the same way, German and international retail giants have been building a presence in Austria over the last several years.

Selling Factors/Techniques

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Possibly due to the many years of shortage during World War II and the post-war period, and certainly due to Austria's monarchical authoritarian history, the typical buyer-seller relationship in Austria can best be characterized as one in which the customer wants or needs something and is thus at a disadvantage, while the seller is holding the item that the customer wants and is therefore in a position of power. That several sellers may be competing for the same customer's business, or that the seller needs customers in order to turn his goods into revenue, is understood in theory but does not influence the interpersonal relationship between the sales person and his customers.

U.S. firms need not adopt the more reserved Austrian style or mentality of selling and buying, but they should be wary of engaging in American fast-sell practices. High pressure sales techniques, for example, or over-friendliness to someone just met, are alien to the Austrian, and are likely to bring an early end to negotiations.

In addition to the conservative culture of buying and selling, price has emerged as a key factor in purchasing. More and more sectors are becoming heavily price-driven, a development that has accelerated with the economic slowdown in recent years. Where product quality and personal relationships once played a larger role in purchasing decisions, the focus has shifted increasingly to pricing and the bottom line.

E-commerce has grown more slowly than had been expected in Austria, accounting for less than 1 percent of all sales in 2003, when online sales totaled \$3.7 billion. According to a newly published report from Statistics Austria (E-Commerce 2003/2004), the branch that reports the highest percentage of Internet sales is tourism, with 7.5 percent of sales taking place via the Internet. Seven of ten Austrian companies have a website, and 94 percent use the Internet. The primary brakes on e-commerce are worries about payment security, legal questions, and logistical problems of product delivery.

In 2004, 1.4 million Austrian households, or around 40 percent of the total, had Internet access. This was an increase of 36 percent over 2003 and 31 percent over 2002. Households with Internet access tend to be younger and better educated than those without. Of all households with Internet, 61 percent use broadband connections.

Trade Promotion and Advertising[Return to top](#)

The economic slowdown has left its mark on the local advertising industry, which experienced a fall of 1.7 percent to EUR 2.01 billion in 2002, after nearly two decades of high growth. The relative distribution of advertising Euros among the various media and marketing channels has not changed much.

Print media:

Daily papers, regional publications, magazines, industry publications and other print media account for more than half of all advertising spending.

Television:

TV accounts for around 22 percent of the advertising pie. It is only in 2003 that the first private non-government Austrian television network started operations. Most viewers watch one of the two state television channels. Currently, 42 percent of Austrian households also receive satellite programming, and 37 percent are hooked up to cable. Thus advertising originating from Germany is reaching Austrian consumers, and to some extent, special advertising windows directed at Austrian TV viewers are being built into cable programming.

Radio:

Radio advertising accounts for just over 7 percent of advertising spending, a significant fall from the boom years of 1997 and 1998 when Austria liberalized access to radio frequencies and the first private radio stations went on the air. All currently operating private radio stations are owned by large media concerns. Austrian National Broadcasting operates several national and regional radio stations, including the national market leader.

Other advertising venues:

Direct mail accounts for around 8 percent of advertising spending, and billboard advertising remains a constant feature of Austrian marketing, with around 7 percent of advertising spending.

Truth in Advertising:

A Consumer Forum has been established in the Austrian Economics Ministry. The forum comprises representatives of political parties, business organizations, labor unions, and business associations. A subcommittee for commercial advertising examines posters, TV, radio and newspaper ads, and entire sales campaigns, with regard to their truthfulness, information value, and ethnic sensitivity. The forum can initiate proceedings against advertisers who make false claims. Anyone transgressing established commercial usage laws may be sued. The government recently lifted the regulation that prohibited comparative advertising, thus enabling advertisers to make direct comparisons between their products and services and those of their competitors.

Trade Promotion:

Annually, between 100 and 150 national and international trade fairs representing many industry sectors are organized in Austria. Most of the Austrian fairs are open to the general public and thus fulfil an advertising function. Austrian importers also attend the major European trade fairs.

Pricing

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Austrian prices remain among the highest in the European Union, reflecting the high cost of labor, extensive agricultural subsidies, the small size of the market, and high taxes. High labor costs include the cost of social benefits such as mandatory health insurance and pension fund contributions for employees. The value-added tax (VAT) on most products and services is 20 percent and is charged at point of sale. Special taxes are levied on luxury goods, fuel, drinks, tobacco, and other items. These taxes quickly add up and should be taken into consideration when pricing products for sale in Austria.

The transparency of European pricing that became a reality with the adoption of the Euro as the single transaction currency on January 1, 2002, has yet to bring significant price reductions in Austria for products that can be easily compared and purchased across borders.

Sales Service/Customer Support

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Customer service and support in the consumer industries is improving with EU integration. Starting on January 1, 2002, the basic warranty for consumer purchases was increased from six months to two years, and the burden of proof was reversed. The customer is no longer required to prove that he did not break the item; rather, the store must show that he did. Despite this improvement, the unlucky customer who purchases a defective product may still not be able to bring it back to the store for replacement, but must wait weeks while the product is shipped for repair. Publicizing American-style guarantees and customer service is slowly gaining popularity as a marketing tool.

Business customers demand a different level of support, and most wholesalers or distributors offer excellent support. If a part on a machine breaks, the customer will demand that it be replaced or repaired within 24 hours, which may present logistical problems for smaller U.S. suppliers who cannot warehouse replacement parts in Europe.

Protecting Your Intellectual Property

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Austria is a member of all international intellectual property rights agreements. To begin the process of registering a patent in Austria or in the EU, contact the U.S. Commercial Service in Vienna (tel. (0043 1) 313 39 2243) or the Austrian Patent Office directly:

Oesterreichisches Patentamt
(Austrian Patent Office)
Kohlmarkt 8-10
A-1014 Vienna, Austria
Tel.: (0043 1) 534 24 0
Fax: (0043 1) 534 24 110
Website: www.patent.bmwa.gv.at

A list of patent attorneys is available through the Austrian Patent Attorney Chamber:

Oesterreichische Patentanwaltskammer
Museumstrasse 3
A-1070 Vienna, Austria
Tel.: (43 1) 523 4382
Fax: (43 1) 523 4382 15
Email: pak@patentanwalt.at
Website: www.patentanwalt.at

Due Diligence

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The Austrian economy is highly regulated, which means that the amount of fraud is held in check. This does not, however, mean that due diligence is unnecessary. Basic company information, such as confirmation of registration and confirmation that no bankruptcy proceedings are in process, is available from official and semi-official sources. More extensive commercial background checks are available from the private sector. Please [contact this office](#) (CS Vienna) for assistance.

Local Professional Services

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Local professional services are readily available as would be expected in any highly developed market economy. Business service providers that are known to this office (CS Vienna) are offered an [online listing](#) on the U.S. Commercial Service website.

Web Resources

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There are innumerable web resources available in Austria, some of which have some English content. Here is a small sampling of sites you may want to visit:

www.buyusa.gov/austria/en - U.S. Commercial Service in Vienna – contains market research on Austria in English, as well as contact points, business service providers, and information on CS services.

<http://portal.wko.at/> - Austrian Federal Economic Chamber – contains information and contact points at the chamber in German, and basic information in English.

<http://www.virtualvienna.net/> - This is a website in English designed for expats living in Austria and prospective transferees to Austria, giving the reader an idea how it would be to live in Austria.

<http://www.austria.org/> - The official Austrian government source of information on Austria in the United States.

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Austria 2005 CCG Ch 04: Leading Sectors for U.S. Export and Investment

Commercial Sectors

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- [Franchising \(FRA\)](#)
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Agricultural Sectors

Agricultural Fish and Forestry Sector Total
Dried Fruits and Nuts
Wine
Seafood
Rice

Computer Software and Services (CSP)

Overview

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Computer Software and Services Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	4,107.8	4,410.5	4,706.5
Total Domestic Production	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a
Total Imports			
Imports from the U.S.	1,978.0	2,137.2	2,310.8

2004 exchange rate: \$1 = EUR 0.815

Note: The statistics for 2004 are unofficial estimates.

Source: IDC Austria

In 2003, total packaged software sales reached approximately \$1.24 billion (EUR 1.1 billion) of which application software represented \$618.5 million (EUR 546.9 million) and systems infrastructure software represented \$326.8 million (EUR 289.0 million).

In the same year, the value of IT Services totaled \$3.17 billion (EUR 2.8 billion). Of this total, operations management services accounted for \$431.2 million (EUR 381.3 million); system implementation accounted for \$1.4 billion (EUR 1.24 billion); support services were \$816.5 million (EUR 722.0 million); IT consulting was \$336.7 million; and training and education was \$182.2 million (EUR 161.1 million).

For the year just ended, 2004, the software market is expected to have grown at a rate of 4.6 percent, and the services market at a rate of 7.1 percent. The forecast for 2005 is faster growth for software at 6.3 percent and steady growth for services at 7.2 percent.

Software is rapidly becoming a determining factor in the development of a country's economic potential. Global business activities by companies require complex, multilingual, multi-functional, disseminated software solutions. The software must be globally integrated and standardized, with interfaces to all possible available packages. Software solutions must take into consideration local regulations and laws governing hardware produced and sold by different manufacturers. European standards will be developed which will facilitate entry into larger markets for application software.

New technologies, together with the larger markets they are introduced into, will stimulate demand for new applications in networks, optical storage, image processing, multimedia services and more. It is critical that software be "user-friendly", whether it is marketed to personal users, business professionals, or executives. It is vital that the software be "bug-free". For the Austrian market it should be written in German. The packaging of the software is important for retail sales and should also be in German.

While Linux software stagnated in 2003, it will be competitive in the future with RISC-based Unix systems. Hardware suppliers like Dell see good market potential for Linux in the low-end segment.

IBM is the largest IT vendor in Austria, selling both equipment and services. There are approximately 50 additional U.S. IT firms selling their products and services in Austria. There is also strong competition from European and Asian suppliers in this market. Service providers in Austria can be expected increasingly to implement offshore services into their business models in order to be competitive.

The events of September 11, 2001 have corporations rethinking security in all aspects. The focus of IT security will shift from authentication, authorization, and administration (the 3A's) to business continuity. Physical security and IT security will become part of a single whole. This will provide opportunities for suppliers of IT services and products, while creating challenges for CIOs and IT managers.

Best Products/Services

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Demand for information security services and security software is rising significantly. Security technology is an important foundational element for many of the leading growth drivers in the IT market today, including web services and digital identity services.

Opportunities

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The best opportunities for sales of U.S. software in Austria appear to be in the Internet systems engineering and applications consultancy, data bank and communications software/office automation, education, CASE, CIM and quality control. The primary end-users are industry, financial services, public administration, trade, health, energy, production, distribution and electronic banking.

Resources

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Web Resources:

www.adv.at
www.ocg.at
www.arcs.ac.at
www.computer-buerosysteme.at
www.viw.at
www.austriapro.at

www.ispa.at

ADV – EDP Association
Austrian Computer Society
Austrian Research Center Seibersdorf
Vienna Chamber of Commerce – Dept. ICT
Information Industry Association
Austrian National Competence Center for
EDIFACT Development and Promotion
Society of Austrian Internet Service
Providers

Contact:

Ingeborg Doblinger, Commercial Specialist, Commercial Service, Vienna, Austria
E-mail: ingeborg.doblinger@mail.doc.gov

Telecommunications Services (TES)

Overview

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Telecommunications Services (TES) Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Sales	6,032.3	6,385.0	6,778.1
Sales by Domestic Firms	n.a.	n.a.	n.a.
Sales by Foreign-owned Firms	n.a.	n.a.	n.a.
Sales by U.S.-owned Firms	742	878	1,016

2004 (base year) exchange rate: \$1 = EUR 0.815

Note: The above statistics are unofficial estimates.

Source: RTR GmbH

Net sales of services in the Austrian telecommunications market (end-user and wholesale) increased by approximately 6 percent, from \$6.34 billion in 2003 to \$6.78 billion in 2004. They included (in \$ millions):

	2002	2003	2004 (est.)
Fixed Network Voice Telephony	2,065.0	1,996.3	1,916.4
Mobile Communications	3,587.7	3,903.0	4,215.0
Broadband	227.7	341.8	510.0
Leased Lines	151.9	143.9	136.7
Total Net Sales	6,032.3	6,385.0	6,778.1

2004 exchange rate: \$1 = EUR 0.815

Note: The statistics for the year 2004 are unofficial estimates.

Source: RTR GmbH

In 2004, the market for telecommunications services in Austria increased in total volume. Growth was particularly strong in mobile communications. Tariffs continued to drop in the fixed and mobile network sectors.

More than half of 2004 sales can be attributed to mobile communications, which grew at a rate of 8 percent. The Austrian telecommunications market employs more than 42,000 people. The Austrian Regulatory Authority for Broadcasting and Telecommunications (RTR GmbH) distributed 156 licenses for public telephone services in 2004, of which 77 were for leased lines, 67 were for voice telephony (fixed lines), and 12 were for mobile phone service.

Mobile communications market

For a number of years, the prices for mobile telecommunications have fallen so dramatically that mobile telephony is now the toughest competition for fixed network telephony. By the end of 2004, there were 7.76 million activate subscriber numbers, representing a penetration rate of over 90 percent.

The new regulatory framework for electronic telecommunications markets, which is laid down in five directives from the European Union and was translated also into Austrian national law in the summer of 2003, aims for a harmonized regulatory policy that promotes competition within the Member States. Articles 14 through 16 of the framework Directive are of central importance, giving a clear mandate to the national regulatory authorities (in Austria RTR GmbH) to carry out extensive market analyses at regular intervals.

Because of a shortage of frequencies, the mobile communications market, which was liberalized in 1996, has fewer players than the fixed network. Market entry for a new company is possible only if that company is granted or, since the summer of 2003, transferred frequency usage rights. The Austrian mobile market has been quite competitive in recent years, but over the last year the market has shown signs of saturation, reflected in the restructuring of operations by some operators. The market continues to be led by Mobilkom Austria with a market share of 42.2 percent, followed by T-Mobile with 26.9 percent, "One" with 20 percent, Tele.ring with 10 percent, and "3 Austria" with 0.9 percent in 2004.

Fixed network market

The estimated number of authorized public fixed voice telephony operators in Austria is 55. Of these, six major players have a share of 90 percent. At the beginning of market liberalization, the fixed network market opened up mainly via the carrier network operators. Relatively easy market entry with little required investment input resulted in a large number of applications for licences. Most of the major providers are developing, or have already developed, into full service providers. In addition to providing speech, data and Internet services, they are also offering Server Hosting, Application Services, and mobile services. Providers that can offer a full range of products and services have the best chance of surviving in the long term. There were 3.2 million fixed lines in service at the end of 2004. Telekom Austria claims 3 million of these. This represents a penetration rate of over 40 percent. The number of fixed access lines operated by Telekom Austria has been declining in recent years as customers opt for ISDN lines or replace their fixed line with a cellular subscription. Meanwhile, the number of cellular subscribers has increased dramatically.

To sum up, the telecom services sector has been largely liberalized, is well developed, and is extremely competitive. Licenses are required for wire-bound public voice telephony, public offering of line leases, and wireless voice telephony. A single simple registration requirement applies to all other telecom services. The convergence of mobile phones, Internet, TV, satellite, and cable offer a potent mix of new services, especially to American firms, which are the most experienced suppliers for many of these services. U.S. telecom services providers present in Austria include Abovenet Communications, Airpage, AT & T Global Network Services, Equant Network Services, Facilicom International, tele.ring, UPC Telekabel, and WorldCom.

Best Prospects/Services

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Mobile communications will continue to increase with the drop in tariffs. Broadband penetration (expressed as a percentage of the population having it) is expected to nearly

double from 8.7 percent (or 705,000 lines) in 2004 to 16 percent in 2008, while fixed network voice telephony and leased lines will decline somewhat.

Broadband as a growing sector should be an attractive target for investment by U.S. companies. An alternative operator or Internet Service Provider (ISP) can implement broadband access to end-users either by using self-operated access technologies such as optical fibre, powerline, radio networks (W-LAN), and cable television networks (CATV), or by resorting to the unbundled (copper) access network of Telekom Austria and purchasing bitstreaming as a wholesale service. There exists an enormous potential for further development of the broadband market through the use of innovative technologies and products.

Opportunities

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No information on special projects or opportunities is currently available. U.S. companies interested in investing in the broadband and VOIP sectors will find good opportunities in the Austrian market.

Resources

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Web Resources:

<http://www.rtr.at>

The Austrian Regulatory Authority for Broadcasting and Telecommunication (RTR)

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Advertising Services (ADV)

Overview

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Advertising Services Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Sales	2,272	2,315	2,361
Sales by Domestic Firms	n/a	n/a	n/a
Sales by Foreign-owned Firms	n/a	n/a	n/a
Sales by U.S.-owned Firms	682	695	708

2004 exchange rate: \$1 = EUR 0.815

Note: The above statistics are unofficial estimates.

Source: Focus Research

The Austrian advertising and public relations (PR) market is dominated by a few large Austria-based firms and many international advertising companies, including those from Western European countries, especially Germany and Switzerland, and from the United States. Most advertising agencies are also active in the PR business. There are also several exclusively PR firms operating in Austria. Some Austria-based agencies do business in the neighboring countries of Central and Eastern Europe, especially in cooperation with local joint venture partners.

In 2004, \$2,315 million (EUR 1,887 million) was spent on advertising in Austria. This was an increase of 1.9 percent over 2002. Spending on advertising reached record levels in Austria in 2003.

There were no major changes among media providers or in programming in 2003 that might have affected market structure significantly. Due to relatively flat economic growth, most players in the media market took a wait-and-see position. With regard to the diversity of opinion and the variety of offerings, Austria's official radio and TV company, ORF, continued to dominate the electronic media, in the same way that the "Kronen Zeitung", Austria's largest mass distribution daily newspaper, and the "Verlagsgruppe NEWS" in the magazine sector, dominated the print media.

American advertising agencies hold an excellent market position, with approximately 30 percent of Austria's total advertising revenues generated by twelve U.S. agencies. The largest and most successful subsidiaries of U.S. agencies in Austria are McCann-Erickson, Grey Worldwide Austria, Grill & Thompson, Ogilvy Public Relations GmbH, Mang DMB&B, BBDO, TBWA, and Young & Rubicam Vienna. Ogilvy leads among the U.S. agencies in annual revenues.

Best Prospects/Services

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American advertising agencies enjoy leading market positions in the electronic media sector but also dominate in the print media area.

Opportunities

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Revenues of successful U.S. advertising agencies should increase gradually over the next three years. The future also looks promising for PR consultants. Industry analysts predict that large diversified food companies, restaurant chains, pharmaceutical companies, and consumer electronics companies will increase their spending on advertising. Event marketing, in particular, is likely to be profitable.

Resources

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There are no trade fairs in the advertising sector in Austria.

Following are some key websites:

www.focusmr.com	Focus Research (advertising data)
www.inma.org/members/datacenter/global-adspend.htm	World Advertising Research Center (country-by-country spending on advertising)
www.rtr.at	Broadcast & Telecommunications Regulatory Authority
www.iaa-austria.at	Austrian Chapter of the International Advertising Association
www.iab-austria.at	International Advertising Bureau Austria
www.sevenonemedia.at	Seven One Media

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Automotive Parts and Equipment (APS)

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Automotive Parts and Equipment Data Table (\$ millions)

	2002*	2003*	2004 (est.)*
Total Market Size	3,869	3,351	3,006
Total Domestic Production	9,080	8,160	8,528
Total Exports	8,834	7,975	8,344
Total Imports	3,623	3,166	2,822
Imports from the U.S.	876	508	444

2004 exchange rate: \$1 = EUR 0.815

Note: The above statistics are unofficial estimates and should be considered educated guesses, based on extrapolation, adjustment of official statistics that are obviously incorrect, and conversations with industry experts. Statistics on total imports and exports available from official Austrian sources conflict with estimates provided by industry, very likely due to the fact that much cross-border trade is within the EU, especially to and from Germany, and within individual companies (e.g. Opel/GM and BMW). Production statistics are equally unreliable. For example, motors are counted with vehicles in the official statistics. The numbers look precise mainly because of exchange rate calculations. The figures for imports from the USA are somewhat more reliable.

U.S. exports of automotive parts and equipment to Austria rose from only \$30 million in 1991 to over \$980 million in 2001, a peak year. This phenomenal growth in U.S. exports was prompted by an initial investment by Chrysler in an Austrian joint venture assembly facility for the Minivan "Voyager" in Graz in 1991. Soon Chrysler began production of the "Jeep Grand Cherokee" and later, as Daimler-Chrysler, the Mercedes "M-Class" at the SDP facility next door, which was sold to Magna International Inc. shortly thereafter. For a short time, the Chrysler "PT Cruiser" was also being assembled in Graz.

Now both facilities belong to Magna and the assembly picture is changing. Production of the Mercedes "M-Class" and the "PT Cruiser" have been discontinued and Magna is working on other Mercedes models ("E" and "G"), the new Saab 9-3 cabriolet, and the new BMW SUV X-3, in production since 2003. Jeep Grand Cherokees continue to be produced, along with Chrysler Voyagers. In 2004, a contract was signed to begin production of a new Chrysler vehicle at the facility, the 300C, with production due to begin in the second quarter of 2005.

The American share of the automotive aftermarket in Austria is still very low at around 5 percent, primarily due to the fact that there are very few U.S. cars on the roads here (less than 2 percent). Some comfort can be taken from the so-called "Holland effect", to wit: U.S. imports that enter Austria via another EU country do not show in the statistics.

It is probably safe to predict another increase in the volume of imports from the U.S. for 2005, as the new Chrysler assembly operations are expected to rely on high levels of imported U.S. parts and components.

Best Prospects/Services

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- OEM parts and systems
- Alloy wheels
- Performance tires
- Performance mufflers and exhaust piping
- Performance air filters
- Suspension products
- Chip tuning
- Neon lighting products (interior)
- Foils for darkening/coloring the windows
- Aerodynamic products (spoilers, wings)
- Sport mufflers
- Striping and graphics
- Body kits
- Hi Fi systems

Opportunities

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Production of the Chrysler 300C is due to begin in the spring of 2005.

Resources

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http://www.statistik.at/neuerscheinungen/konjunktur2003_2.shtml Statistik Austria
http://www.automobil-cluster.at/index_eng.php Website of the Austrian Auto Cluster
<http://www.wk.or.at/fahrzeuge/> Website of the Auto Trade Association
<http://www.autoindustry.co.uk/statistics?s=706m2a0wsmde0gz> European Auto statistics
<http://www.europa.eu.int/comm/enterprise/automotive/directives/vehicles/index.htm> EU directives for motor vehicles
http://www.magnasteyr.com/frames.php?seite=http%3A//www.magnasteyr.com/automobilentwicklung/hauptcontent_hauptbutton1_de.html Website of Magna Steyr

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Drugs and Pharmaceuticals (DRG)

Overview

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Drugs and Pharmaceuticals Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	1,049.5	1,141.8	1,214.0
Total Domestic Production	1,649.4	1,625.8	1,690.4
Total Exports (from Austria)	3,416.6	3,338.3	3,416.4
Total Imports (into Austria)	2,816.7	2,854.3	2,940.0
Imports from the U.S.	387.9	306.9	356.2

2004 exchange rate: \$1 = EUR 0.815.

Note: The statistics for 2004 are unofficial estimates.

Source: Statistics Austria

In 2004, Austrian production of pharmaceuticals grew 4 percent while imports grew 3 percent and exports grew 2.3 percent. More than half of all pharmaceuticals approved for sale in Austria are imported. Only about 40 percent are produced domestically. In 2003 196.2 million packages of pharmaceuticals were sold. The Austrian health-care system directly employs approximately 170,000 people. Another 180,000 are indirectly engaged in the industry.

Pharmaceutical expenditure in Austria accounts for about 10 percent of total health care spending. Around 70 percent of health-care spending is publicly financed. International comparison shows that drug consumption in Austria is significantly below the European average with regard both to expenditures in Euros and to the number of packages sold. Annual per capita consumption amounts to 22 packages valued at approximately \$250. Government cost containment legislation encourages sales of self-medication (OTC drugs and generic medicines). Self-medication accounts for about 10 percent of the market, placing Austria in the lower third in a ranking with other countries. Increased life expectancy and the growth in private health care insurance are expected to have a positive impact on the market.

In Austria the average price of the 500 best-selling medications, calculated according to the Paasche index, fell by 1.5 percent in 2003 below the 2002 average. Prices for medications already on the Austrian market have fallen on average more than 1 percent every year.

Access to the Austrian pharmaceutical market is subject to strict national or EU legislation. The approving authority is the Federal Ministry for Health and Women. Besides this national procedure, generic medicines and most other pharmaceutical preparations can be registered by a "decentralized registration procedure". This procedure is governed by the principle of reciprocity, meaning that once approval has been granted by at least one EU member state, all other EU countries are, upon request, obliged to follow.

The Austrian pharmaceutical industry consists of subsidiaries of multinational companies and small- to medium-sized Austrian firms. Both groups have enjoyed above average growth in sales in recent years. Market leaders are Novartis, Glaxo Smith Kline, Baxter, Roche, Janssen & Cilag Pharma, and Merck Sharp Dohme.

Products from the U.S. enjoy an excellent reputation with respect to quality and safety. The Austrian market is very receptive to U.S. imports in this field. U.S. imports of drugs and pharmaceuticals rank second only behind Germany, but they are ahead of France, the United Kingdom, and Switzerland. The leading category of medications from the U.S. is that category prescribed to treat cardiovascular illnesses. Medications for stomach and intestinal ailments, and for psychotherapy, follow in importance.

Best Prospects/Services

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Best prospects among American-made pharmaceuticals are: Cancer medications; Cardiovascular medications; AIDS medications; Bio-technologically produced medications; and vitamin and mineral combinations such as Melatonin, DHEA, and St. John's Wort. These are classified as pharmaceuticals in Austria, not as dietary supplements as they are in the U.S.

Opportunities

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No information on special projects or opportunities is currently available.

Resources

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Web resources:

<http://www.statistik.at>
<http://www.bmgf.gv.at>
<http://www.oebig.at>
<http://www.sozvers.at>
<http://www.pharmig.at>
<http://www.apotheker.or.at>
<http://www.fcio.at>
<http://www.fopi.at>

Statistics Austria
Federal Ministry for Health and Women
Austrian Institute for Health Management
Association of the Austrian Social Insurance Funds
Association of Pharmaceutical Enterprises
Austrian Chamber of Pharmacists
Association of the Austrian Chemical Industry
FOPI - American Association of research-based
American companies, including some associate
members from other countries

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Aircraft and Parts (AIR)

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Aircraft and Parts Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	201	351	376
Total Local Production	43	47	50
Total Exports	614	1,198	1,283
Total Imports	772	1,502	1,609
Imports from the U.S.	447	271	290

2004 exchange rate: \$1 = EUR 0.815

Note: The statistics for 2004 are unofficial estimates.

Source: Statistics Austria

The Austrian market for civil aviation aircraft, parts, and equipment totaled approximately \$352 million in 2003 and was expected to grow by five percent by the end of 2004. With domestic-based manufacturing limited to one company, Diamond Aircraft Industries, the vast majority of the market is served by imports. In terms of market position, U.S. companies represent 18 percent of the imports, followed by Canada at 7 percent, Germany at 6 percent, and France at 2 percent (2003 figures).

The principal end-users of civil aviation aircraft, parts, and equipment are local charter airlines and the Austrian Airlines Group including: Austrian Airlines, Lauda Air, and Austrian Arrows. In addition, emergency medical services and the police use civilian helicopters. The market for corporate fleets and business charter operators is also growing and is expected to increase by about 5 percent by the end of 2004.

Diamond Aircraft Industries, in the city of Wiener Neustadt manufactured a total of 97 single engine aircraft in 2003, (including 85 DA-40's, 2 DA-42's - a four seat single engine aircraft and 10 HK 36's), most of which were exported.

Best Products/Services

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The best sales potential for U.S. aircraft and equipment is expected during the next two years is expected to be for satellite navigation systems/GPS, aircraft over 20 tons, aircraft of between 5.7 and 14 tons, and aircraft engines.

Opportunities

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There is currently no special information about projects or specific opportunities.

Resources

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Web resources:

www.austrocontrol.at
www.luftfahrt.or.at

www.viennaairport.com
www.aci-europe.org
www.bmvit.gv.at

www.aua.com
www.diamond-air.at

Austrocontrol (Air Traffic Control Authority)
Federal Economic Chamber – Aviation
Department
Vienna International Airport
Airport Council International
Civil Aviation Airport Authority, Federal
Ministry of Transportation, Innovation and
Technology
Austrian Airlines Group
Diamond Aircraft Industries

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Internet Services (INF)

Overview

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Internet Services Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	6,546	9,675	16,556
Internet Commerce (IC)			
B2C end-use	873	1,297	2,109
B2B end-use	1,870	1,524	2,178
B2B process use	2,550	4,286	8,263
Total end-use IC:	3,123	4,092	6,184
Total B2B IC:	5,686	8,378	14,447

2004 exchange rate: 1\$ = EUR 0.815

Note: The statistics for 2004 are unofficial estimates.

Source: IDC Austria

The Austrian market for Internet services is growing rapidly. About 4.6 million Austrians were active Internet users in 2003, an increase of 12.2 percent over 2002. Of these, over 1.9 million were users at work and over 3.6 million were home users. High telephone costs and ISP subscription fees, a general reluctance by Austrians to use electronic payments over the web, and data protection concerns hinder use of the Internet. Nevertheless, the future of electronic commerce in Austria appears promising. Austrians spent about \$9.7 billion on online purchases in 2003, up 49.2 percent from only \$6.5 billion in 2002. By the end of 2004, online purchases were expected to have expanded to \$16.6 billion.

In 2003, 90 percent of computer users had modems, up from 85 percent in 2002. During the same period, the number of ISDN business channels increased to 1.1 million from 978,000. That number was expected to reach 1.2 million in 2004.

Microsoft is winning the web-browsers' duel with Netscape and currently has about a 90 percent market share. The most popular search engines are Google with a 19.6 percent market share, Yahoo with 19.2 percent, Lycos with 11.6 percent, Fireball with 8.9 percent, web.de. with 7.6 percent, and Altavista with 6.7 percent.

Currently there are about 1.9 million commercial Internet users in Austria, and this number is expanding rapidly. Some 375,000 domain names are registered. A complete list of domain names can be obtained from the following website: www.nic.at. Telekom Austria's A-Online is the largest Internet service provider in Austria, but there are some 250 ISPs in the country. A complete list of ISPs can be obtained from the following website: www.ispa.at.

The most popular use of the Internet is general surfing, which accounts for about 40 percent, followed by e-mail at about 25 percent, specific searches for sites at 15 percent,

downloading at 10 percent, Internet chat room activity at 5 percent, and participation in newsgroups at 5 percent. Only 20 percent of Internet users engage in online banking.

Best Products/Services

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Higher ticket products solely dependant on the prophecy of broadband take-up are good prospects, including video-on-demand and music services that allow customers to download films and songs from the Internet. Internet travel bookings and online book purchases have a high potential in this market.

Opportunities

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The prospect for e-commerce in Austria remains substantially positive, as consumers increasingly use the web for both research and the ultimate transaction. Despite some bandwidth and tariff structure limitations, e-commerce is growing steadily. On the B2B side, strategic sourcing and supplier enablement is increasingly commonplace.

Resources

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Web Resources:

www.adv.at
www.ocg.at
www.arcs.ac.at
www.viw.at
www.ispa.at

ADV – EDP Association
Austrian Computer Society
Austrian Research Center Seibersdorf
Information Industry Association
Society of Austrian Internet Providers

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Health Care Equipment (MED)

Overview

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Health Care Equipment Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	442.4	481.4	493.5
Total Domestic Production	229.8	234.3	239.0
Total Exports	584.6	595.8	613.7
Total Imports	827.2	842.9	868.2
Imports from the U.S.	171.4	174.0	177.5

2004 exchange rate: \$1 = EUR 0.815

Note: The above statistics are unofficial estimates.

U.S. manufacturers with state-of-the-art medical equipment have good opportunities in the Austrian market. They have maintained a respectable portion of the health care equipment market in recent years. The U.S. is the second-largest supplier, after Germany. Its share of the import market for medical equipment into Austria was 20.6 percent in 2003. U.S.-engineered medical equipment sales are actually much larger than the official import statistics would indicate. This is because many products imported into Austria from Western European and Far Eastern countries are assembled by subsidiaries of U.S. firms based in those countries. Austria is a transit-trade country with very successful connections to Central and Eastern European and Middle Eastern countries. The recorded level of total imports is actually greater than the total market, because of these factors. Given recent budget cuts in the Austrian health care system, an estimated annual real growth rate of 1 to 2 percent of total market size over the next three years seems realistic.

Austria has approximately 35,300 active physicians, of whom 16,000 are employed by private or public hospitals or walk-in clinics. This translates to 436 physicians per 100,000 inhabitants. There are 16,550 physicians who have independent private practices, and of those, 10,600 are in a medical specialty.

Austria has 312 public and private hospitals with 70,000 beds, of which approximately 900 are for intensive care. A total of 100 hospital departments are equipped with intensive care units. Austria has 864 beds per 100,000 inhabitants – about the average for Western Europe. It is anticipated that several public hospitals will be forced to shut down in the future, in order to reduce the extremely high costs of the Austrian healthcare system.

The Austrian Hospitals Act distinguishes between general and specialized hospitals. Specialized hospitals are used for treating certain illnesses, for acute cases, for handling accidents, and for caring for certain age groups. Included are pediatric hospitals and hospital departments in nursing homes.

Most hospitals are general hospitals (42 percent), 30 percent are specialized hospitals, 11 percent are sanatoriums, 9 percent are nursing institutions, and 8 percent are convalescent and maternity homes.

Best Products/Services

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The best opportunities for new sales are for state-of-the-art equipment such as:

- Diagnostic imaging equipment, especially ultrasonic diagnostic equipment
- Patient monitoring systems including intensive care units
- Endoscopic instruments and equipment
- Dialysis equipment
- Pacemakers
- Implantable devices
- Highly sophisticated clinical laboratory equipment
- Nuclear medical instruments
- Clinical laboratory equipment
- Sophisticated surgical disposables

Opportunities

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There are presently no new major hospital projects in Austria.

The Vienna General Hospital (AKH), which is now more than 20 years old, is expected to be renovated within the next four years. Already, obsolete medical apparatus need to be replaced.

In 2006, an extension is planned for the "Sozialmedizinisches Zentrum Ost" of the City of Vienna, part of the expansion of the northeastern area of Vienna.

An increasing number of hospital projects in such Central and Eastern European countries as Hungary, Czech Republic, Slovakia, Romania, and Bulgaria are to be constructed by Austrian companies. These projects will result in many opportunities for American companies to penetrate these markets as suppliers or subcontractors to Austrian firms active in the region, or in partnership with them.

Resources

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In this industry, the majority of the Austrian importers regularly attend the following German trade fair, which is the world's largest event in the health care sector:

MEDICA 2005, Duesseldorf, Germany
November 16-19, 2005
Website: www.medica.de

Following is the only medical trade fair in Austria, which is held every other year:

MEDICURA 2006, Vienna, Austria
February 2006
Websites: www.messe.at and www.medicura.at

Key websites:

www.bmgf.gv.at	Bundesministerium fuer Gesundheit und Frauen (Federal Ministry for Health and Women Affairs)
www.sozialversicherung.at	Hauptverband der oesterreichischen Sozialversicherungstraeger (Association of Austrian Sick Funds)
www.oebig.at	Oesterreichisches Bundesinstitut fuer Gesundheitswesen (Federal Institute for Health)
www.wko.at	Wirtschaftskammer Oesterreich (Austrian Federal Economic Chamber)
www.aek.or.at	Oesterreichische Aerztekammer (Physicians Chamber)
www.ameso.at	Austrian Medical Society
www.oegam.at	Oesterreichische Gesellschaft fuer Allgemein- und Familienmedizin (Member of World Organization of Family Doctors)
www.tuev.at/medizin	TUEV Oesterreich (test & certification institution)
www.medizinprodukte.at	Oesterreichisches Medizinprodukte Handbuch – Goeschl Publishing House (Medical Products Handbook)
http://medizinprodukte.oebig.at	Registration point for medical products in Austria

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Franchising (FRA)

Overview

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Franchising Data Table (\$ millions)

	2002*	2003*	2004 (est.)*
Total Number of Franchise Systems	330	350	385
Total Number of Franchise Operators	4,700	5,075	5,480
Austrian Systems	150	162	175
Foreign Systems	180	195	210
U.S. Systems	29	31	34

2004 exchange rate: \$1 = EUR 0.815

Note: The latest statistics available from the Austrian Franchise Association are from 2002. Estimates for 2003 and 2004 are based on conversations with the Franchising Association, and extrapolation.

Franchising is a challenging market for U.S. companies in Austria, where the security of a government job rather than the risk and allure of building a business is the dream of the average university student. But despite a general aversion to risk among Austrians, there are business people for whom franchising is attractive. The combination of independence and support is a promise that has helped franchising to grow at a steady pace in the past decade, and the sector is expected to continue growing. There is still plenty of room for growth, especially in the traditional services in which mom and pop shops undertake little or no marketing activity.

U.S. franchise companies account for about 10 percent of all currently active franchises, and for about 20 percent of foreign franchisers. One to three new U.S. companies have entered the market each year for the past several years, and this slow but steady growth should continue.

The average cost to open a franchise is around \$300,000, including fees and investment. On average, the franchisee pays around 8.5 percent of earnings in fees.

Best Products/Services

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- Service concepts
- Niche retail concepts

Opportunities

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There is no specific information on current opportunities.

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<http://www.franchise.at> - Austrian Franchise Association

http://www.gruenderservice.net/gportal.aspx?ch_id=26&br_id=522&th_id=1038 - Franchise board, Federal Economic Chamber

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Telecommunications Equipment (TEL)

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Telecommunications Equipment Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	1,855.2	2,046.5	2,325.8
Total Domestic Production	1,376.9	1,494.1	1,675.8
Total Exports (from Austria)	1,259.5	1,234.7	1,210.0
Total Imports (into Austria)	1,737.8	1,787.1	1,860.0
Imports from the U.S.	121.6	125.1	128.3

2004 exchange rate: \$1 = EUR 0.815

Note: The above statistics are unofficial estimates.

Source: FEEI

The Austrian telecommunications equipment market in Austria is an open, well developed, and highly competitive market. Major worldwide telecom equipment suppliers such as Siemens, Motorola, Ericsson, Nokia, Alcatel, Philips, and Cisco Systems have dominant positions.

The market totaled \$2.33 billion in 2004, an increase of about 13 percent over 2003. The fastest growing sector in the last few years was the end-user equipment market, which was led by growth in sales of mobile telephone sets.

Manufacturers of communications equipment were able to boost the value of total production in 2004. Lively increases in production in recent years have derived from strong investment in wireless communications, and this continued in 2004. Investment activity by fixed network operators, on the other hand, was modest. Exports by Austrian producers to the EU once again increased, as did exports to Eastern Europe. Given the demand for additional development of infrastructure (for broadband communications, for example), the sector anticipates continuing increases in investment.

The Austrian market for enterprise infrastructure and network access equipment is expected to increase to \$280.6 million in 2006, from \$182.2 million recorded in 2001, an increase of 9 percent.

Best Products/Services

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Growth segments over the next two years will be enterprise converged voice equipment, dedicated content equipment, and wireless LAN equipment. With the expansion of the broadband sector, investment in network infrastructure will be needed. Best prospects in this area are optical fibre, powerline, radio networks (W-LAN), and cable television networks (CATV).

Opportunities

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No information on special projects or opportunities is currently available

Resources

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Web resources:

<http://www.feei.at> - The Association of the Austrian Electrical and Electronics Industry (FEEI)

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Computers and Peripherals (CPT)

Overview

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Computers and Peripherals Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	2,038.7	2,016.3	2,056.6
Total Domestic Production	1,290.9	1,303.8	1,329.9
Total Exports	1,369.6	1,383.3	1,411.0
Total Imports	2,117.4	2,095.8	2,137.7
Imports from the U.S.	119.4	118.2	120.6

2004 exchange rate: \$1 = EUR 0.815

Note: The statistics for 2004 are unofficial estimates.

Source: IDC Austria

The majority of white-collar employees in Austria use a PC at work. These office PC users also use network and communications applications including e-mail, fax capabilities, the Internet and Intranets. Notebook computers have become more important, enabling traveling employees to maintain communications with the home office. Users of office PCs tend to buy from a value-added reseller who offers a tailored "solution" to a particular data processing need. Or they purchase their PC or notebook computer online.

In 2003 mainframe sales reached \$27.3 million, sales of mid-sized systems were \$108.4 million, and sales of low-end systems amounted to \$182.4 million. Data communications equipment sales reached \$182.5 million, a decline of 2.4 percent from 2003. For 2004 the highest growth rates are forecast for mid-sized systems (12 percent) and low-end systems (7.5 percent). Mainframe sales will increase by approximately 3.5 percent in 2004. Total 2004 sales results for the entire computer hardware sector are expected to be down 1.3 percent.

Business spending has been affected by the overall economic slowdown and is not expected to recover before the end of 2005. As a result, commercial desktop sales declined sharply, and notebook shipments grew slightly.

On the consumer side, the focus clearly shifted to notebooks, as lower prices continue to attract more and more individual users. Consumer notebook sales recorded strong triple digit growth. The year 2003 also saw a growing share for the local Austrian firm Gericom.

Driven by aggressive pricing strategies and product positioning, the mobile PC market remained very competitive, with all vendors aiming at gaining more share in a market that still presents a huge potential for growth. Adapting to 64-bit computing will proceed slowly. While companies like Hewlett Packard are moving forward with development of the applications for 64-bit, it is expected

that users will move to 32-bit alternatives, with 64-bit expansion possibilities if these options are available. Full 64-bit use for commercial applications is expected for the second half of this decade.

The United States is the main source of computer and peripheral imports into Austria, followed by Germany.

Best Prospects/Services

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The best sales opportunities for U.S. manufactured IT hardware products are disk storage systems, servers (32 and 64 bit), and notebooks with special features.

Opportunities

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No information on special projects or specific opportunities is currently available.

Resources

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Web Resources:

Web resources:

www.adv.at

www.ocg.at

www.arcs.ac.at

www.viw.at

www.computer-buerosysteme.at

ADV (EDP Association)

Austrian Computer Society

Austrian Research Center Seibersdorf

Information Industry Association

Vienna Chamber of Commerce – Dept. for ICT

Contact:

Ingeborg Doblinger, Commercial Specialist, Commercial Service, Vienna, Austria

E-mail: ingeborg.doblinger@mail.doc.gov

Agricultural Fish and Forestry Sector Total

In 2003, Austrian total agricultural, fish and forestry imports grew by 19.9 percent compared to the previous year. Imports from the U.S. increased by 37.8 percent or US\$ 28 million. Expectations for U.S. agricultural imports are promising for 2004 and the years thereafter. The best prospects for U.S. products are wine, dried fruits and nuts, rice, seafood, snack foods and other consumer oriented products. Official statistical numbers given in the table do not reflect actual import numbers, because figures for transshipments within the EU, mainly from Germany, are not included. In fact, agricultural import figures are estimated to be twice as high.

Agricultural, Fish and Forestry total Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	8,122	7,642	7,800
Total Domestic Production	8,319	8,447	8,500
Total Exports	6,426	8,295	8,300
Total Imports	6,249	7,490	7,600
Imports from the U.S.	74	102	110

2004 exchange rate: \$1 = EUR 0.815

Note: Source for 2002 and 2003 import and export figures is Statistik Austria or Global Trade Atlas; all other figures are unofficial estimates.

Dried Fruits and Nuts

Wholesome and natural foods are becoming more and more important to consumers. Thus the demand for dried fruits and nuts as ingredients for cereals or dried fruit and nuts mixtures is steadily rising. Austrian production of dried fruits and nuts is limited to locally grown species like apples and walnuts. Since many consumers seek natural and wholesome products, there is demand for organically produced dried fruits and nuts.

Demand for dried fruits like raisins, prunes, apricots etc. and all kinds of nuts is still growing.

The table below does not show the actual import figures from the United States, because of the large volume of transshipments mainly via Germany. A large volume of cereals, fruits and nuts mixtures are processed and packed in Germany and then exported to Austria. The actual import value of U.S. products in this subsector is about \$16 million. A large share of imports comes from the EU and Turkey.

Dried Fruits and Nuts Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	123	130	133
Total Domestic Production	82	83	83
Total Exports	13	13	13
Total Imports	54	60	63
Imports from the U.S.	6.5	8	9

2004 exchange rate: \$1 = EUR 0.815

Note: Source for 2002 and 2003 import and export figures is Statistik Austria or Global Trade Atlas; all other figures are unofficial estimates.

Wine

Average annual wine production in Austria is about 2.5 million hectoliters/year, which corresponds roughly to Austria's annual wine consumption. Large quantities of wine are imported and exported. The predominant suppliers are Italy, France, and Spain, which deliver mainly red wines.

The import duty for non-EU wines is high. However, there is a niche market for California wine, particularly high quality red wine. In recent years, intensive promotion of California wines has been carried out which has resulted in increased sales of U.S. wines. Demand is increasing for good quality, inexpensive U.S. wines priced from \$ 5 to 8 per bottle. The main competitor for U.S. wine is Chilean Wine.

A large share of California wines is imported through German wholesalers and thus does not appear as U.S. product in the official trade statistics. According to trade sources, the share of U.S. wines coming through Germany has increased sharply over the past ten years. The numbers below show wine imported directly to Austria. Based upon conversations with importers and distributors, the AgVienna Office believes the actual import value including transshipment to be closer to \$ 8 million.

Wine Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	347	358	360
Total Domestic Production	270	281	280
Total Exports	54	85	85
Total Imports	131	163	165
Imports from the U.S.	4.2	6	7

2004 exchange rate: \$1 = EUR 0.815

Note: Source for 2002 and 2003 import and export figures is Statistik Austria or Global Trade Atlas; all other figures are unofficial estimates.

Seafood

Austria's small fish production is limited mainly to trout and carp. Since Austria is a landlocked country, all marine fish, shellfish, and crustaceans must be imported. The main suppliers are Germany, Netherlands, Denmark, Italy, and France. Of the total import value, around 40 percent is fresh or frozen fish, 10 percent is for dried and/or smoked fish, 10 percent is fresh or frozen crustaceans and mollusks, and 40 percent is product for further processing including fish, crustaceans and mollusks.

Consumption of seafood is low in Austria, but rising. The reason for the general upward trend is the rising standard of living, rising health awareness, and the growing number of restaurants serving seafood.

As with most products, transshipment through other EU countries does not reveal actual product origin. We estimate actual imports from the United States to be \$ 2.5 million.

Seafood Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	135	135	135
Total Domestic Production	9	10	10
Total Exports	4	2	2
Total Imports	130	127	127
Imports from the U.S.	1	1	1

2004 exchange rate: \$1 = EUR 0.815

Note: Source for 2002 and 2003 import and export figures is Statistik Austria or Global Trade Atlas; all other figures are unofficial estimates.

Rice (including broken rice)

Rice consumption is expected to continue rising. The major share of rice comes from mills in Italy, Germany, Belgium, and Netherlands. A large percentage of these imports is actually U.S. rice that has been milled or packaged in other countries and then transshipped to Austria. Thus the data table does not come close to reflecting the true volume of imports of U.S. rice, as transshipments are not included. Actual imports of U.S. rice are around \$ 3 million. The main competitors for the U.S. in rice imports are Italy and Thailand.

Rice (including broken rice) Data Table (\$ millions)

	2002	2003	2004 (est.)
Total Market Size	23	24	25
Total Domestic Production	0	0	0
Total Exports	1	1	1.
Total Imports	24	25	26
Imports from the U.S.	1	1.3	1.3

2004 exchange rate: \$1 = EUR 0.815

Note: Source for 2002 and 2003 import and export figures is Statistik Austria or Global Trade Atlas; all other figures are unofficial estimates.

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Import Tariffs

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EU import tariffs vary depending on the product, however, for most U.S. exports the tariffs are relatively low. In fact, over half of all products from non-EU countries enter without any tariff. The average EU tariff level for manufactured goods is relatively low at 3.5 percent, but some goods are taxed at a higher rate. For example, passenger cars and office machines have duties of about 10 percent. For certain kinds of shoes and special motor vehicles, the rate may be up to 18 percent. U.S. exporters can obtain EU import tariff rates at the following websites:

www.europa.eu.int/comm/taxation_customs/databases/database.htm or www.taric.com

Trade Barriers

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In general, there are officially no non-tariff barriers for U.S. companies entering the Austrian market. However, certain practices in certain sectors should be a concern to certain U.S. industries. For an exhaustive analysis of non-tariff barriers (especially in the pharmaceutical, telecom, biotechnology, refrigerant, and legal and accounting services sectors) in Austria and throughout the European Union, please refer to the U.S. Trade Representative's (USTR) 2003 National Trade Estimates Report on Foreign Trade Barriers (www.ustr.gov/reports/nte/2003/eu).

Some goods are subject to tariff-rate quotas, whereby after a certain quantity of the good has entered the EU at a low or zero duty rate, the rate is increased. These are primarily goods determined to be useful to the European economy only in certain quantities, generally raw materials or parts. The most important tariff quotas for manufactured goods are on chemicals and electronics. Both are administered on a first-come, first-served licensing basis. The Austrian importer can get information about the extent to which the quota has been filled through the Customs Office Suben, which has an on-line

connection to Brussels, as well as through the Main Customs Offices (Hauptzollaemter) or via the internet at

www.europa.eu.int/comm/taxation_customs/databases/database.htm

Import Requirements and Documentation

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When a delivery is made to Austria, the products become liable to the import value-added tax (Einfuhrumsatzsteuer) upon entry in the Austrian customs area. The import value-added tax is assessed according to the customs value of imported goods. The importer is entitled to claim a refund of the import value-added tax from the tax office once the product is sold further in the distribution chain.

Finally, the end-user is liable to the Value Added Tax (VAT), which generally amounts to 20percent in Austria. For food products the VAT is 10 percent only. Alcoholic beverages fall into the 20 percent VAT category.

The rates for the import value-added tax and the VAT are identical. The VAT is a pure tax on transactions that is ultimately absorbed by the end-user or consumer.

The European Union, and therefore Austria, requires import licenses for a number of products, first and foremost for agricultural produce and products. This holds for all originating countries, including the United States. Special rules apply for imports of particular products and countries, such as shoes from China. European Union import quotas are managed through the granting of import licenses to qualified firms. In general, an Austrian importer must possess an export license from the supplier country, and then obtain permission to import from the Austrian authorities (Einfuhrbewilligung). For imports of agricultural products, importers should contact Agrar Markt Austria (AMA), Dresdner Strasse 70, A-1201 Vienna, tel: (0043 1) 331 51-0. (www.ama.at). The licensing authority for most other goods is the Austrian Ministry of Economics and Labor (see Section "I" below for contact information).

The import of war materiel requires a license and individual approval of each shipment. The licensing authority responsible for these products is the Austrian Ministry of the Interior.

U.S. Export Controls

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Austria is a member of the Australia Group, the Missile Technology Control Regime, the Nuclear Supplier Group and the Wassenaar Arrangement. Exporting to Austria is not subject to any special licensing requirements. For more information about export licensing, please visit the Bureau of Industrial Security: <http://www.bxa.doc.gov>

Temporary Entry

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There are no tariffs imposed on goods that enter Austria on a temporary basis for a particular purpose, such as transit goods or goods intended for demonstration or exhibition at trade fairs. A refundable security deposit is required equal to applicable import duties.

In the case of a commodity that is imported on a temporary basis to be used and returned (such as machinery), a compensatory levy of 3 percent per month applies if the commodity would be dutiable if imported permanently into Austria.

If replacement parts for warranty or non-warranty repairs of a product are brought into Austria on a temporary base and the products are re-exported after repair, no duties and taxes will be charged for this transaction. This would be handled by a carnet in the so-called excise bond procedure.

Labeling and Marking Requirements

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Austrian labeling and marking requirements are in some respects not as strict as those in the United States. Nutritional information is not required on food products, nor are safety warnings mandated on electrical devices. The most important requirements include washing instructions on textiles, and certification of safety (the CE mark) on machines, toys, and baby accessories. It is not required that labeling be in German, though this may be advisable for marketing reasons.

Efforts are underway to harmonize EU labeling and marking requirements along with quality and safety standards. Ultimately, a CE mark will be required for most U.S. manufactured imports. Until that time, the regulations are a frustrating mix of national, EU, and international requirements.

Products that are inadequately labeled are not turned away at the border. The person importing the product bears the responsibility to ensure products are certified and properly marked before they are offered for sale. There is no special procedure required for importers claiming non-marked products at the border.

Prohibited and Restricted Imports

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The import of certain commodities into Austria is prohibited, usually the result of international sanctions and the like. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples would be restrictions and controls on the import of certain foodstuffs, wines, drugs, pharmaceuticals, seeds, war materiel, antiques, etc.

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check column five of the TARIC for that product for the following codes:

CITES

Convention on International Trade of Endangered Species

PROHI Import Suspension

RSTR Import Restriction

Customs Contact Information

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Austria is a member of the European Union (EU) and as such the Austrian Customs regime is based on the "TARIC" (integrated tariff of the EU), determined in Brussels. The TARIC can be searched by country of origin, Harmonized System Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The TARIC is updated annually in April.

For further information please contact:

Hauptzollamt Wien (Central Customs Office-Vienna)
Schnirchgasse 9
A-1030 Vienna, Austria
Tel.: (0043 1) 795 90 3200
Fax: (0043 1) 795 90 2399
Website: www.bmf.gv.at

Tariff information via phone (Monday–Friday from 6:00 am to 10:00 pm):
Zolldokumentationsstelle Villach
Tel.: (0043 4242) 33 233 420 or 421 or 422
E-mail: post.425-ztv.zaktn@bmf.gv.at

Standards

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Overview

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Austria is a signatory to the WTO (GATT) Agreement on Product Standards. As a member of the European Union, Austria is obligated to adopt European standards. While some European standards are already legally binding, others may still be in a transition phase, and still others may be awaiting national implementation. In the absence of a European standard, the national standard will apply.

National Standards: Austrian national standards are prepared and administered by the Austrian Bureau of Standards (Oesterreichisches Normungsinstitut - ON), a private non-profit organization incorporated by the Austrian Parliament in the Standards Act of 1971 as the only Austrian body to issue and endorse Austrian standards. The ON can also provide information on nongovernmental standards.

Products tested and certified in the U.S. to American standards are likely to have to be retested and re-certified to European Union (EU) requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

(http://europa.eu.int/comm/consumers/cons_safe/prod_safe/index_en.htm)

European Union standards created in recent years under the New Approach are harmonized across the 25 EU member states and European Economic Area countries in order to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also become barriers to trade if U.S. standards are different from those of the European Union.

Standards Organizations

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Following is the Austrian Organization that develops standards:

Oesterreichisches Normungsinstitut (ON)
(Austrian Bureau of Standards)
Heinestrasse 38, Postfach 130
A-1021 Vienna, Austria
Tel: (0043 1) 213 00-613
Fax: (0043 1) 213 00-650
Website: www.on-norm.at

The ON prepares standards in a variety of fields: ores and metals, mechanical engineering, building and construction, health and medical equipment, non-metallic materials, chemical and allied industries, special technologies, personal safety, food, environment, and waste management.

About 90 percent of the standards ON prepares are voluntary. The ISO 9000 series of quality management standards is one of the most important voluntary standards in Austria, and has become almost a requirement in many industries.

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in

the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual member state country in this list by the European Commission <http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>. To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and the European Standard Agreement Group. CENELEC has its own initiative www.cenelec.org/Cenelec/Homepage.htm ETSI does not offer conformity assessment services.

Product Certification

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To sell their product on the EU market of 25 member states as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but this chapter provides some background and clarification.

In the eighties, the New Approach was launched to overcome the lengthy adoption process of "old approach" type legislation. The goal of the European Union's harmonization program under the New Approach is to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The three regional European standards organizations, CEN, CENELEC and ETSI, are mandated by the Commission to develop technical standards that are consistent with the essential requirements of EU Directives.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards, but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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The independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under the U.S./EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, will be allowed to test in the United States to EU specifications, and vice versa. The costs will be significantly lower and U.S. products will, as a result, become more competitive. At this time, the U.S./EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force). This link lists to American and European Conformity Assessment bodies operating under a mutual recognition agreement <http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>

Accreditation is handled at the Member State level. "European Accreditation" (www.european-accreditation.org) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

The Austrian Accreditation Body:

Bundesministerium fuer Wirtschaft und Arbeit
(Austrian Federal Ministry for Economy and Labor)
Abteilung I/12
Dampfschiffstrasse 4
A-1030 Vienna, Austria
Contact: Dipl.-Ing. Guener P. Friers
Tel.: (0043 1) 711 00-82 48
Fax: (0043 1) 714 35 82
E-mail: guenter.friers@bmwa.gv.at
E-mail: akkreditierung@bmwa.gv.at

The accreditation for laboratories is required for any sector in Austria.

Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more (<http://europa.eu.int/eur-lex/en/index.html>). It lists the standards reference numbers linked to legislation. (www.newapproach.org/Directives/DirectiveList.asp). National

technical regulations are published on the Commission's website <http://europa.eu.int/comm/enterprise/tris/> to allow other countries/interested parties to comment.

Labeling and Marking

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes can be greatly appreciated by consumers, and thus be important for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable until the end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the freedom of Member States to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products. http://europa.eu.int/eur-lex/en/consleg/main/1980/en_1980L0232_index.html

The Eco-label: The EU adopted legislation in 1992, revised in 2000, to distinguish environmentally friendly production through a voluntary labeling scheme called the Eco-label. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar such products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and regulations.

There are concerns in the United States that the EU Eco-labeling program may become a de facto trade barrier; may not enhance environmental protection in a transparent, scientifically sound manner; may not be open to meaningful participation by U.S. firms; and may discriminate unfairly against U.S. business. The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/ year for the use of the label, with a reduction of 25 percent for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

Trade Agreements

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As an EU member, Austria participates in the European Economic Area (EEA). Austria is also a member of the World Trade Organization (WTO). Although Austria has no bilateral free trade agreements, as an EU member it participates in all EU trade agreements, including:

- Association agreements involving political and economic elements in addition to tariff reductions with Bulgaria, Switzerland, Czech Republic, Hungary, Iceland, Liechtenstein, Norway, Poland, Romania, Slovak Republic, South Africa.

- Free trade agreements primarily involving reductions in tariffs. Agreements are in place with Estonia, Latvia, Lithuania, and Mexico.

- Cooperation agreements concentrating on increasing trade and cooperation, in place with Belarus, Kazakhstan, Kyrgystan, Moldova, Russia, and Ukraine.

In addition, there are trade agreements in place with Cyprus, Malta, Morocco, Tunisia, Egypt, Syria and Israel; Customs Union agreements with Turkey, San Marino and Andorra. The EU extends Customs preferences to many African and Caribbean states.

Web Resources

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www.ansi.org

American National Standards Institute

www.cenorm.be

CEN – European Committee for Standardization

www.cenelec.org

CENELEC – European Committee for
Electrotechnical Standardization

www.etsi.org

ETSI –European Telecommunications Standards
Institute

http://europa.eu.int/comm/enterprise/standards_policy

European Commission

www.normapme.com

NORMAPME- European Office of Craft Trades and
Small and Medium-Sized Business

www.anec.org

ANEC – European Association for the Co-
ordination of Consumer Representation in
Standardization

www.eotc.be

EOTC – European Organization for Conformity
Assessment

www.bxa.doc.gov

USDOC Bureau of Industrial Security

www.bmf.gv.at

Austrian Customs Office

www.on.norm.at

Oesterreichisches Normungsinstitut
(Austrian Bureau of Standards)

www.taric.com

Integrated Tariff of the EU-TARIC

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Openness to Foreign Investment

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Introduction

With the European Union's (EU) enlargement in May 2004, Austria's location became central in the EU. As an investment location, Austria, and Vienna in particular, faces growing competition from its Eastern neighbors, all of which are now EU members. Budapest, Prague and Bratislava are competing directly with Vienna for foreign investors. Many have pointed out that direct transportation links among Austria's Eastern neighbors are in some places better than those running through Austria. The Austrian Government has long-term plans to address these infrastructure gaps. However, many view the current state of transport links as a missed opportunity. The government's 2005 corporate tax cut is a major step towards remaining competitive vis-à-vis Austria's new EU neighbors. Some 360 U.S. companies have invested in Austria and most have expanded their original investment over time.

Austria continues to offer some advantages, but also some challenges to foreign investors. We have sought to describe both below in candid terms for the benefit of potential investors.

Government attitude toward foreign private investment:

The second Schuessel government -- a coalition between the Austrian People's Party (ÖVP) and the Freedom Party (FPÖ) in office since February 2003 -- has continued the comprehensive economic reform program Schuessel had begun in 2000. The government's aim is to streamline government, create a more competitive business environment, and further strengthen Austria's attractiveness as a location for investment. According to many observers, in comparison to other EU member states, Austria has made a major policy shift in recent years by pursuing a balanced budget, pension and health care system reform; creating financial market supervision and competition policy bodies; and implementing a corporate tax cut in 2005. The policy shift addressed long-standing imbalances and should improve the Austrian economy's long-term growth potential. Structural reforms, which the economy still needs, include downsizing the public sector, simplifying and streamlining the social welfare system, raising the labor participation rate, and introducing more flexible work hours. Budget consolidation will remain a goal in accordance with the EMU's Stability and Growth Pact. However, balancing the consolidated public sector budget is now a medium-term goal over the economic cycle. The government continues privatizations.

Austria has been virtually a strike-free country. However, in 2003 Austria experienced two large strikes in response to government pension and railroad reform initiatives. Most observers characterized these strikes as political actions against the government rather than management-labor disputes, and noted that they had limited and only transitory economic impact. Austria has remained virtually strike-free since 2003, despite continued implementation of the government's reform agenda, including contentious issues such as harmonization of different pension systems.

Liberalization and deregulation in the energy and telecom sectors have lowered prices to business users. However, continued barriers to entry and to competition have resulted in only partial liberalization. Charges in some areas, such as electrical network tariffs, have remained above average, according to the International Energy Agency.

Austria welcomes all foreign direct investment that does not have a negative impact on the environment, particularly those investments that create new jobs in high technology, promote capital-intensive industries, are linked with research activities, improve productivity, replace imports, and increase exports. Austria is a high-tax country, but is becoming increasingly attractive for companies and headquarters. Since 2002, special tax incentives for industrial research are available to stimulate research-based investment. A major tax cut, effective January 1, 2005, reduces the corporate tax rate to 25% from 34%. Because of tax base adjustments, experts estimated the effective corporate tax burden at 22%. At the same time, a highly favorable new provision for group taxation, unique in Europe, allows offsetting profits and losses of group operations (requiring direct or indirect participation of more than 50%, but no other financial, economic or organizational integration) in Austria and abroad. This new group taxation system should offer interesting opportunities for U.S. investors, in particular joint-venture structures, M&A transactions, headquarter companies and simple holding companies without active business, which can also participate in the tax group. The corporate tax cut and group taxation aim to keep Austria competitive vis-à-vis the neighboring new EU members with their low corporate tax rates.

The Austrian Government assesses the business profits of non-corporations at half the income tax rate to which they would be subject based on the income alone. Austria has no wealth or net worth tax, and no trade tax (Gewerbesteuer), unlike neighboring

Germany. As a result of the 2005 corporate and income tax cuts, Austria's share of total tax and social payments should decline from 44.1% of GDP in 2002 (sixth among OECD members in total tax and social payments) to 41.6% in 2005. The government's goal is to reduce the share of taxes in GDP further to 40% by 2010, which will require substantial additional cuts in budget expenditures.

In some regions, Austria also offers special facilities and services ("cluster" packages) to foreign investors. For example, these can include automotive producers or manufacturers of chips, silicon, and high-tech products. Observers do not expect Austria's basic policies toward foreign direct investment to change in coming years. A large number of foreign firms, including some 360 U.S. companies, have invested in Austria and most have expanded their original investment over time.

There are no formal sectoral or geographic restrictions on foreign investment. Austria offers financial and tax incentives within EU parameters to firms undertaking projects in economically depressed areas and underdeveloped districts on Austria's eastern and southern borders. Until the end of 2006, some of these areas are still eligible for subsidies under EU regional and cross-border programs. Most of these subsidies have already been allocated. The only instances of local opposition to investment in the manufacturing sector have arisen out of environmental concerns.

Potential U.S. investors need to factor Austria's strict environmental laws into their decision-making process. Austria has imposed marketing bans on some agricultural biotechnology seeds despite existing EU approvals. The European Commission has not yet taken steps to overturn the bans, despite the fact that the EU's Scientific Committee has found no justification for the bans and the EU Moratorium on new approvals has ended. For future varieties, new EU legislation on the deliberate release of genetically modified organisms and on traceability and labeling requires Austria to allow GMO seeds on the fields and foods in the stores. However, strict liability regulations for research, production, and distribution of GMOs still apply. U.S. investors considering production facilities emitting CO₂ in Austria will have to take into consideration Austria's commitment to cut its CO₂ emissions by 13% from the 1990 level according to the Kyoto Protocol (1997). They will also have to scrutinize Austria's national implementation of the EU's regulatory framework on greenhouse gas emissions and trading, which enters into force in 2005.

In investor surveys and international rankings, Austria consistently earns high marks for personal security, quality of life, rule of law, skill and motivation of labor, health infrastructure, and mobile phone costs. However, Austria receives low marks for the tax burden, rigid labor practices, patent registration, relative lack of risk capital financing, restrictive immigration laws, the size of the public sector, and regulatory red tape. With its 2005 corporate tax cut, the government has addressed one major investment disincentive. Surveys show that Austria faces stiffer competition from Central and Eastern European (CEE) markets, as well as from the ten new EU members, particularly the four that border Austria. This competition is especially noticeable in sectors where wage costs are decisive.

Acquisitions, mergers, takeovers, cartels:

The independent Federal Competition Authority (FCA) and a federal public cartel prosecutor are responsible for administering the anti-trust law. In past years, the FCA has not been particularly pro-active, reportedly due to a shortage of personnel.

International acquisitions and takeovers of domestic enterprises are permitted in Austria. International cartels are not prohibited, but are subject to oversight by the cartel court to prevent the abuse of market power. Cartel court consent requires that the applicant refrain from market behavior that would limit or impede competition. Selling below cost is considered one possible abuse of a dominant market position. The cartel court must be notified of mergers and acquisitions if combined worldwide sales are in excess of Euro 300 million (USD 375 million at the current exchange rate of USD 1.00 to Euro 0.80), if domestic sales exceed Euro 15 million (USD 18.8 million), or if two of the firms involved each have worldwide sales exceeding Euro 2.0 million (USD 2.5 million). Anti-trust regulations do not provide for the dissolution of previously completed and approved mergers. An independent energy regulatory authority separately examines antitrust concerns in the energy sector. However, it did not raise objections to a 2002 alliance between the two largest Austrian electricity providers, which captured two-thirds of the market.

The 1999 takeover law applies to both friendly and unsolicited takeovers of corporations headquartered in Austria and listed on the Vienna Stock Exchange. It protects investors against unfair practices, since any shareholder obtaining a controlling stake in a corporation (30% or more of all shares) must offer to buy out smaller shareholders at a defined "fair market" price. An independent takeover commission at the Vienna Stock Exchange oversees compliance.

Screening mechanisms:

Only those foreign investments with Austrian government financial assistance are subject to government overview. Screening is intended only to ensure compliance with EU regulations, which limit such assistance to disadvantaged geographic areas.

Privatization:

In the ongoing privatization of public enterprises, foreign and domestic investors receive equal treatment, in principle. In line with its privatization initiative, the previous government sold 100% of its shares in the Postal Savings Bank, the Dorotheum Auction House and Bank, and the Print Media printing concern. It also divested its remaining 41.1% share of the Austrian Tobacco Company, a 17.4% stake in the Vienna airport company, and a majority of shares in Telekom Austria (TA). In 2003, the second Schuessel government sold its 34.7% stake in Voest-Alpine (VA) steel, a leading European steel producer, and its 25% shareholding in Boehler Uddeholm, an important tool and specialty steel manufacturer. In December 2004, the government sold another 17% in TA to national and international institutional investors. In January 2005, the government sold a 14.7% share in VA Tech, a metallurgy, power generation and infrastructure conglomerate, to Siemens. Siemens already held a 16.5% share and has made a public takeover bid. The government's further near-term privatization plans include selling off the remaining 30.2% shareholding in TA and a minority share in the Postal company.

The Austrian Government has expressed a preference for "Austrian solutions" in many sectors, promoting an Austrian core shareholding through syndicates, including banks, insurance companies, pension funds and industrial enterprises. However, foreign investors have been successful in obtaining shares in important Austrian industry

sectors, including the telecom sector, in Austria's largest bank, Bank Austria, the Austrian Tobacco Company, and VA Tech.

Treatment of foreign investors:

There is no discrimination against foreign investors, but they are required to follow a number of regulations. Although there is no requirement for participation by Austrian citizens in ownership or management, at least one manager must meet residence and other legal requirements. Non-residents must appoint a representative in Austria. Expatriates are allowed to deduct certain expenses (costs associated with moving, maintaining a double residence, education of children) from Austrian-earned income. A 2003 amendment of the Austrian immigration law requires permanent legal residents to take German language and civics courses. Foreign executives and their dependents (who are technically in one of the affected visa categories) are exempt.

Investment incentives:

Until 2006, 41% of Austria's land area is eligible for support under various EU structural fund programs. The Austrian federal, provincial, and local governments also provide financial incentives within EU guidelines to promote investments in Austria. Incentives under these programs are equally available to domestic and foreign investors, and range from tax incentives to preferential loans, guarantees and grants. Most of these incentives are available only if the planned investment meets specified criteria (e.g., implementation of new technology, reducing unemployment, etc.). Tax allowances for advanced employee training and R&D expenditures are available. The government has merged various institutions providing financial incentives into a "one-stop shop" named the Austria Wirtschaftsservice (further information, in German language only, is available under <http://www.awsg.at> and <http://www.foerderportal.at>).

Conversion and Transfer Policies

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There are no restrictions on converting or transferring funds associated with foreign investment. In Austria, all cross-border capital transactions for non-residents and residents, including the acquisition of Austrian securities, debt service, and the repatriation of profits, interest payments, dividends, and proceeds from the sale of an investment are fully liberalized.

The Euro, a freely convertible currency, is the only legal tender in Austria. Use of the Euro shields investors from any exchange rate risk in the entire Euro-area, where the Euro is legal tender. The eleven other member countries of the European Monetary Union (EMU) are: Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.

The European Central Bank (ECB) is responsible for setting monetary policy in the EMU area. The ECB's primary goal in defining monetary policy is to maintain price stability. The Austrian National Bank has one seat and one vote on the ECB's Governing Council.

Expropriation and Compensation

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Expropriation of private property in Austria is rare and may proceed only on the basis of special legal authorization. The government can instigate it only when no other alternative for satisfying the public interest exists; when the action is exclusively in the public interest; and when the owner receives just compensation. The expropriation process is fully transparent and non-discriminatory towards foreign firms.

Dispute Settlement

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The Austrian legal system provides an effective means for protecting property and contractual rights of nationals and foreigners. Additionally, Austria is a member of the International Center for the Settlement of Investment Disputes. The New York Convention of 1958 also grants enforcement of foreign arbitration awards in Austria. There have been no recent reports of bilateral investment disputes.

Performance Requirements and Incentives

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Austria is in compliance with the World Trade Organization Trade Related Investment Measures (TRIMS) agreement. There are virtually no restrictions on foreign investment in Austria and foreign investors receive national treatment in the main. However, some requirements exist. For example, at least one manager must meet residency and other legal qualifications. Non-residents must appoint a representative in Austria.

The Austrian Government may impose performance requirements when foreign investors seek financial or other assistance from the government, although there are no performance requirements to gain access to tax incentives. There is no requirement that nationals hold shares in foreign investments, that the share of foreign equity is reduced over time, or that there be a technology transfer.

The U.S. and Austria are signatories to a 1931 Treaty of Friendship, Commerce, and Consular Rights. The Austrian Immigration Law restricts the overall number of visas, but a few non-immigrant business visa classifications, including intra-company transferees/rotational workers and employees on temporary duty, are eligible for visas with no numerical limitations. Recruitment of long-term overseas specialists or those with managerial duties is under quota controls. The 2002 Amendment of the Austrian Immigration Law more clearly defined employment-based immigrants as multinational executives/managers or similar professionals who are self-employed, and streamlined procedures for obtaining visas and work authorization. The 2002 integration policy requiring immigrants to attain a certain minimum level of competence in the German language will not affect executives and their dependents. The 2002 Immigration

Amendment was intended to address problems reported by U.S. and other investors with availability of visas and temporary work permits for non-managerial staff for training in Vienna, by creating a category of temporary trainee visas in the case of joint ventures. Annual immigration quotas for 2005 are to be cut from 8,050 to 7,500. These cuts are supposed to come largely at the expense of executives or managers, a visa category that is apparently undersubscribed.

Right to Private Ownership and Establishment

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Foreign and domestic private enterprises are free to establish, acquire, and dispose of interests in business enterprises, with the exception of railroad infrastructure, some utilities, and a few state monopolies, such as gambling. As the government continues to pursue privatization, it is gradually opening up some of these industries to private investment as well. For example, the Austrian Government implemented legal changes in 1997 and 2001 to allow private radio and private terrestrial TV under a limited number of licenses. The government dismantled the postal monopoly for wire-transmitted voice telephony and infrastructure in 1998. The Austrian electricity market was partially liberalized in February 1999 for bulk purchasers and in October 2001 for consumers. The Austrian gas market was fully liberalized in October 2002. However, by law, federal and provincial governments maintain at least 51% majority shares in all electricity providers. In line with EU regulations, the government is working to liberalize the postal letter mail monopoly. The ambitious privatization program of the Austrian Government foresees full or partial privatization of many important Austrian companies. In most business activities, the law permits 100% foreign ownership. Foreign direct investment is restricted only when competing with monopolies and utilities. License requirements, such as in the banking and insurance sectors, apply equally to domestic and foreign investors. The latter, however, is dependent on reciprocity. Specific regulations on requirements for joint ventures do not exist.

Protection of Property Rights

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The Austrian legal system protects secured interests in property, both movable and real. Mortgages are recognized, if they are registered in the land register and the underlying contracts are valid. The law recognizes mortgages, if they are registered in the land register and the underlying contracts are valid. The land register provides a reliable system for recording interests in property. For any real estate agreement to be effective, the agreement must be entered with the land register. This requires approval of the land transfer commission or the office of the provincial governor. Any interested party has access to the land register.

Austria has effective laws to protect intellectual property rights, including patent and trademark laws; a law protecting industrial designs and models; and a copyright law. Legislation also protects three-dimensional semiconductor chip layout design. In line with EU requirements, Austria has a law against product piracy to prevent trade in counterfeits. Austria is one of a number of EU member states that have yet to implement the EU Directive on Legal Protection of Biotech Inventions. The Austrian

Government plans to transpose the EU Directive into national law in 2005. The Biotechnology Industry Organization (BIO) had requested the United States Government place Austria on the Special 301 Watch List. Several U.S. pharmaceutical companies have also reported problems obtaining timely remedy in Austrian courts in defending process-based patents against generic competitors.

Austria is a party to the World Intellectual Property Organization (WIPO) and several international property conventions, including the European Patent Convention, the Patent Cooperation Treaty, the Madrid Trademark Agreement, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Procedure, the Universal Copyright Convention, the Brussels Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite, and the Geneva Treaty on the International Registration of Audiovisual Works. In compliance with the World Trade Organization Treaty on Intellectual Property (TRIPS), Austria extended patent terms so that patents on inventions are valid up to 20 years after application. Since both the United States and Austria are members of the "Paris Union" International Convention for the Protection of Industrial Property, American investors are entitled to the same kind of protection under Austrian patent legislation as are Austrian nationals. In accordance with the Madrid Agreement, Austria's protection period for trademarks is ten years, with the option to extend for another ten years, if registration is renewed before expiration.

Various regulations protect trade secrets. For example, the right to privacy, the data protection law, and the federal statistics law prevent publication of production data, provided there are four producers or less.

Austrian copyright law grants the author the exclusive right to publish, distribute, copy, adapt, translate, and broadcast his work. Infringement proceedings, however, can be time consuming and complicated. Austria's copyright law is in conformity with the EU directives on intellectual property rights. A 2003 amendment to the Austrian Copyright Act implemented the EU Directive on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society and regulates copyrights of works on the Internet, protection of computer programs, and related damage compensation.

Transparency of Regulatory System

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Austria's legal, regulatory, and accounting systems are transparent and consistent with international norms. Proposed new laws and regulations are usually published in draft form for public comment.

The Austrian Government has made some progress in streamlining its complex and cumbersome permit and paperwork requirements for business licenses and permits. However, a 2002 AmCham/U.S. Embassy survey of investor confidence identified "unpredictable and inflexible bureaucratic rules" as one of four major concerns. The government maintains that the time for obtaining all necessary permits has been reduced to about three months, except for large projects requiring an environmental impact assessment. With the 2002 reform of the Business Code, the government implemented a "one-stop shop" for a business permit, but not yet including plant and

building permits. The reform also sought to facilitate establishment of new businesses by simplifying requirements and reducing the number of business categories to two (those requiring official approval and those requiring none).

Tax and labor laws, as well as health and safety standards, are applied uniformly and do not influence the sectoral allocation of investments. The Austrian investment climate has become more conducive for business since Austria became a member of the EU. However, inflexible shop-opening hours and working times remain a major concern of many businesses. The government plans to implement more flexible work time regulations, including at the company level, and more liberal regulations for shop opening hours. However, virtually all shops will remain closed on Sundays.

Efficient Capital Markets and Portfolio Investment

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A broad variety of credit and portfolio investment instruments are traded in an open capital market. Foreign firms have access to this local market without restrictions and are free to use foreign credit markets as well. The Vienna Stock Exchange, reorganized as a stock corporation and privatized in 1999, connected its cash market to Xetra, Frankfurt's electronic trading system, so that traders worldwide have on-screen information and direct access to all stocks listed in Vienna. In May 2004, the Vienna Stock Exchange, together with several Austrian banks, obtained a majority stake in the Budapest Stock Exchange with the goal to develop more efficient capital markets in both Hungary and Austria, push market capitalization, and provide better services to clients. Quotations on the Vienna Stock Exchange are in the Euro and the fee system is transparent.

All listed companies must publish quarterly reports. Criminal penalties for insider trading are in place. The Austrian Financial Market Authority (FMA), similar to the U.S. Securities and Exchange Commission, is responsible for policing irregularities on the stock exchange. The FMA, with support from the Austrian National Bank, is also responsible for supervising banks, insurance companies, securities markets, and pension funds.

Buy-back regulations implemented in 1999 have considerably expanded the previously very limited possibilities for issuers to acquire their own shares. Austria's regulations comply with international standards permitting buy-backs as an instrument to influence a company's capital structure, to reduce excess liquidity, or to prepare for listings on exchanges abroad.

The legal, regulatory, and accounting systems are transparent and consistent with international norms. Austrian regulations governing accounting standards will provide U.S. investors with improved and internationally standardized financial information. Austrian-based companies, including subsidiaries of U.S. parent companies, are required to present their consolidated financial statements in accordance with International Accounting Standards (IAS) or Generally Accepted Accounting Principles (US-GAAP). Promotion of good corporate governance is making progress. The Austrian Code of Corporate Governance was introduced in October 2002. However, to date, few companies have signed on to it.

Austria has a highly developed banking system with worldwide correspondent relationships, as well as representative offices and branches in the United States and other major financial centers. Austrian banks also have a huge network in many of the ten new EU members and other Central and Eastern European countries and the Balkan countries. Total assets of Austria's five largest banks amounted to about Euro 394 billion (USD 493 billion) in 2003.

Austria's venture capital market is underdeveloped, but has expanded significantly in recent years. The volume of venture capital raised in Austria during 1999-2001 was Euro 556 million (USD 695 million), 170% more than during 1996-1998, according to a study by the Vienna-based Austrian Private Equity and Venture Capital Organization. Due to the weak economy and slow investments in 2003, fund raising slowed to Euro 227 million (USD 284 million) from 231 in 2002, venture capital disbursements fell from Euro 146 to 113 million (USD 141 million).

Political Violence

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There have been no incidents of politically motivated damage to foreign businesses. Civil disturbances are extremely rare.

Corruption

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The Austrian penal code contains penalties for bribery, which include a fine of up to Euro 500 (USD 625) per day for up to 360 days or up to two years imprisonment for the payer of a bribe and up to five years imprisonment for the recipient of a bribe. Under the penal code, any person who bribes a civil servant, a foreign official, or a manager of an Austrian public enterprise is subject to criminal penalties. Austria has ratified the OECD Anti-Bribery Convention, which entered into force in July 1999. Corresponding penal code legislation has been in place since summer 1998. The government has prepared draft legislation to introduce criminal responsibility for legal persons and some partnerships, and with fines of up to 15% of annual sales. After parliamentary approval, the new law should take effect later in 2005.

Prior to the implementation of the OECD Convention, tax deductibility of bribes and any gray market payments (regardless of their title as operating, income-related or other expenses) was abolished. The non-deductibility covers all payments and other material grants, the granting or accepting of which is subject to legal penalties.

The Federal Ministry of Justice has the primary responsibility for prosecuting acts of corruption, but in the case of public tenders, the Federal Chancellery may also become involved. Corruption allegations, often anonymous, have arisen regarding various government procurements; but no case thus far has reached the public prosecutor's evidentiary threshold for pursuing prosecution.

Bilateral Investment Agreements

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Austria has bilateral investment agreements in force with Albania, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Belize, Bolivia, Bosnia-Herzegovina, Bulgaria, Cape Verde, Chile, China, Croatia, Cuba, Egypt, Estonia, Georgia, Hong Kong, Hungary, India, Iran, Jordan, Kuwait, Latvia, Lebanon, Libya, Lithuania, Macedonia, Malaysia, Malta, Mexico, Moldova, Mongolia, Morocco, Oman, Paraguay, Philippines, Poland, Romania, Saudi Arabia, Slovenia, South Korea, South Africa, Tunisia, Turkey, Ukraine, United Arab Emirates, Uzbekistan, Vietnam, Yemen, and Serbia and Montenegro.

Agreements with Algeria, Namibia and Zimbabwe have been signed, but are not yet in effect. An agreement with North Korea is in initial stages of discussion. Until new agreements take effect, the existing agreements with the former Czechoslovakia continue to apply to the Czech Republic and Slovakia, and that with the former Soviet Union to Russia and Tajikistan. Austria has begun negotiations with Russia for a new agreement. The government's goal is to achieve a total of 75-80 bilateral investment agreements. Under all these agreements, investment disputes that cannot be settled amicably may be submitted to the International Center for Settlement of Investment Disputes or an arbitration court according to the UNCITRAL arbitration regulations.

The U.S. and Austria are parties to a bilateral double taxation treaty covering income and corporate taxes, which went into effect on February 1, 1998. Another bilateral double taxation treaty covering estates, inheritances, gifts and generation-skipping transfers has been in effect since 1982.

OPIC and Other Investment Insurance Programs

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OPIC programs are not available for Austria. Since May 1997 Austria has been a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

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Austria has a highly educated and productive labor force of about four million people, of which 3.5 million are salaried employees and 500,000 are self-employed or farmers. Austria's labor market is more rigid than that of the U.S., but more flexible than that of some other EU members. Depending on labor demand, government policies limit the number of foreign workers to between 8-10% of the salaried workforce. In 2004, the number of guest workers, predominantly from the former Yugoslavia and Turkey, averaged 362,700. Austria has adopted a 7-year gradual transition period vis-à-vis eight of the ten new EU members (except Cyprus and Malta) before fully allowing free movement of labor. The government can also apply the transition period to certain

business sectors. After two years, Austria can automatically extend the restrictions, and after another three years, the EU Commission can approve a further extension.

Compared to other EU countries, Austria had a relatively low unemployment rate of 4.5% in 2004, according to EU statistics. The outlook for 2005 suggests an unemployment rate of about 4.4%, assuming real economic growth of 2.2%, falling only slightly to 4.2-4.3% in 2006, assuming real growth of 2.3-2.4% that year. Despite the low unemployment rate, no potential labor market shortage is expected in the medium term. While demographic trends indicate little growth in the labor force over the next few years, other factors, such as expected moderate economic growth, productivity gains, industrial restructuring, federal employment incentives for women and older employees, the gradual phase-out of early retirement, and government efforts to reduce civil service employment are intended to offset demographics. Moreover, net gains from migration will easily compensate the negative impact of low birth rates on the overall labor supply. Latest long-term population forecasts expect the working age population (15-60 years) to increase to 5.13 million by 2013, up from 4.98 million in 2001, but to decline again to below 5 million by 2021. However, the government's measures to activate available labor reserves should mitigate a potential shortage.

In general, skilled labor is available in sufficient numbers. However, regional shortages of highly specialized laborers in specific sectors such as systems administration, metalworking, health, and tourism services may occur. The government's labor market policy is oriented towards the EU goals of raising the labor market participation rate to 70% (currently 69.2%) by 2010, that of women to 60% (currently 61.7%), and that of workers aged 55-64 to 50% (currently 30.4%). The government introduced new regulations requiring recipients of unemployment benefits to be more flexible regarding which jobs they would accept. Companies hiring workers age 50 and above are eligible for financial bonuses, but face penalties for laying off workers within this age group. The government still plans to introduce more flexible work hours and a monthly minimum wage of Euro 1,000.

Austrian social insurance is compulsory and comprises health insurance, old-age pension insurance, unemployment insurance, and accident insurance. Social insurance contributions are a percentage of total monthly earnings and are shared by employers and employees. Although EU requirements facilitated greater job flexibility, terms of employment are closely regulated by law in Austria and include working hours, minimum vacation time (5 weeks), holidays, maternity leave, statutory separation notice, and protection against dismissal. The new severance pay system implemented in 2002 is designed to enhance worker flexibility further. Employers contribute 1.53% of their monthly pay to severance pay funds and employees have the right to carry their accrued entitlement with them when changing the employer. A new regulation since July 1, 2004 allows parents with children under the age of seven who have worked for at least three years to choose part-time work until the children reach age seven. The new regulation only applies to parents working for companies with at least 20 employees.

Labor-management relations have generally been harmonious in post-WWII Austria, as reflected in extremely low strike figures in past decades. The two major strikes in May/June 2003, in response to the government's pension reforms, were a political action against the government and did not reflect management-labor disputes. Since then, no major work stoppages have occurred. About 40% of the work force belongs to a union. At least one-third of the members of a corporation's board of directors must come from

the firm's staff, and the company management on various issues must regularly consult shop stewards. These co-determination rights of employees are comprehensive and regulated by law.

Collective bargaining revolves mainly around wage adjustments and fringe benefits. While existing legal provisions stipulate a maximum workweek of 40 hours, collective bargaining agreements provide for a workweek of 38 or 38.5 hours per week for more than half of all employees. Labor's long-standing demand for a further reduction of the workweek has recently been countered by some calls from industry to extend the 40-hour workweek without pay compensation. While the government plans to expand existing regulations for flexible work hours, it has no plans to raise the work week again to 40 hours or more, as is under discussion in Germany.

Foreign-Trade Zones/Free Ports

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Austria has no foreign trade zones anymore. It only has two customs warehouses in Vienna and Tyrol province, where investors may store products of foreign origin without the obligation to pay duty. Their impact has been limited, and foreign investors have shown little interest.

Foreign Direct Investment Statistics

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Following record inflows in 2000 and 2001 and a significant drop in 2002, new foreign direct investment (FDI) rebounded in 2003 to Euro 6.5 billion (USD 8.1 billion), equal to 2.9% of GDP, the third highest ever. New FDI in the first half of 2004 amounted to Euro 1.7 billion (USD 2.1 billion). This raised the value of FDI stock in Austria to Euro 47.9 billion (USD 59.9 billion), equal to 21.2% of GDP, at the end of 2003 and to Euro 49.6 billion (USD 62.0 billion) by mid-2004. Of the year-end 2003 amount, U.S. firms invested an estimated Euro 5.0 billion (USD 6.2 billion) or about 10% of the total.

New Austrian direct investment abroad reached Euro 6.2 billion (USD 7.7 billion) in 2002 and another Euro 6.2 billion (USD 7.7 billion) in 2003, equal to 2.7% of GDP. In the first half of 2004, the amount was Euro 2.5 billion (USD 3.1 billion). This raised the value of Austrian direct investment stock abroad to Euro 46.7 billion (USD 58.4 billion), equal to 20.7% of GDP, at the end of 2003 and to Euro 49.2 billion (USD 61.5 billion) by mid-2004.

Note: Figures converted at the 2004 annual average exchange rate of USD 1.00 for Euro 0.80.

Source: Austrian National Bank statistics on Austrian outward and inward direct investment at the end of 2002, published in June 2004. Available 2003 and 2004 data are from the Austrian National Bank's current account statistics.

Table 1:

Foreign direct investment in Austria 1998-2004

Year	Number of Firms with Direct Foreign Participation	Nominal Capital (Euro billion)	Total equity (1) (Euro billion)
1998	2,525	7.0	20.1
1999	2,542	7.2	23.4
2000	2,588	11.1	32.7
2001	2,607	9.8	39.0
2002	2,633	10.1	41.5
2003 (2)	n/a	n/a	47.9
2004 (3)	n/a	n/a	49.6

Footnotes:

(1) total equity comprises nominal capital, statutory and voluntary reserves, profits/losses carried forward, and net credit position;

(2) preliminary figures;

(3) first half year, preliminary figures.

Table 2:

Foreign direct investment in Austria by country of origin 1998-2002 (in percent of total equity)

Year	U.S.	Switzerland, Liechtenstein	Germany	U.K.	Netherlands	Others
1998	8	12	41	8	8	23
1999	8	13	41	6	7	25
2000	6	10	47	6	6	25
2001	6	8	44	11	8	23
2002	11	7	39	11	7	25

Table 3:

Foreign direct investment in Austria by industry sectors in 2002 (latest available figures)

Sector	Total Equity (Euro million)	Employees in 1,000
Mining and Energy	365	1
<u>INDUSTRY</u>		
Metals, Machinery	1,820	27

Vehicles	487	11
Electrical engineering, Electronics	2,415	26
Petroleum, Chemicals	3,621	15
Paper, Wood	1,133	7
Textiles, Clothing, Leather	243	9
Food, Drink, Tobacco	916	7
Building and Allied Trades	602	8
Miscellaneous	60	1
SUBTOTAL INDUSTRY:	11,297	111
NON-INDUSTRY		
Trade	8,695	71
Transport, Communication	1,039	11
Tourism	240	6
Banking, Insurance, Finance	6,057	21
Real estate, Business related Services	13,703	22
Other Services	94	2
SUBTOTAL NON-INDUSTRY:	29,828	133
<u>TOTAL:</u>	41,488	245

Note: differences due to rounding.

Table 4:
Austrian direct investment abroad 1998-2004

Year	Number of forms with Austrian direct Investment	Nominal capital (Euro billion)	Total equity (1) (Euro billion)
1998	2,006	7.9	14.9
1999	2,095	9.3	19.0
2000	2,227	10.7	26.7
2001	2,319	14.3	32.4
2002	2,442	16.4	40.5
2003 (2)	n/a	n/a	46.7
2004 (3)	n/a	n/a	49.2

Footnotes:

(1) total assets comprises nominal capital, other equity including exchange rate adjustments, and net credit position;

- (2) preliminary figures;
(3) first half year, preliminary figures.

Table 5:

Austrian direct investment abroad by country of destination 1998-2002 (in percent of total equity)

Year	U.S.	Germany	UK	Slovak Republic	Hungary	Czech Republic	Others
1998	8	16	10	3	10	8	45
1999	8	14	9	3	9	7	50
2000	8	19	6	5	7	8	47
2001	7	18	6	6	8	8	47
2002	6	18	5	4	9	10	48

Table 6:

Austrian direct investment abroad by industry sectors in 2002 (latest available figures)

Sector	Total Equity (Euro million)	Employees in 1,000
Mining and Energy	1,538	8
INDUSTRY		
Metals, Machinery	1,337	23
Vehicles	242	6
Electrical engineering, Electronics	924	27
Petroleum, Chemicals	1,816	26
Paper, Wood	816	12
Textiles, Clothing, Leather	98	7
Food, Drink, Tobacco	501	9
Building and Allied Trades	2,666	31
Miscellaneous	74	6
SUBTOTAL INDUSTRY:	8,474	145
NON-INDUSTRY		
Trade	4,405	50

Transport, Communication	312	5
Tourism	76	2
Banking, Insurance, Finance	10,819	62
Real estate, Business related Services	14,260	25
Other Services	627	2
SUBTOTAL NON-INDUSTRY:	30,500	147
TOTAL:	40,512	299

Note: differences due to rounding.

List of Major Foreign Investors:

Some 370 U.S. firms hold investments in Austria, which range from simple sales offices to major production facilities. The following is a short list of U.S. firms holding major investments in Austria.

American Express Bank Ltd.
Andlinger & Company, Inc.
Baxter International Inc.
Capital Research and Management Company
Cisco Systems, Inc.
Citibank Overseas Investment Corp.
The Coca-Cola Company
CSC Computer Sciences Corporation
Deloitte & Touche LLP
Delphi Automotive Systems
Eastman Kodak Company
Electronic Data Systems Corp.
Exxon Corporation
General Electric Capital Corporation
General Electric Company
General Motors Corp.
Harman International Industries Inc.
Hewlett-Packard Company
Honeywell Inc.
IBM World Trade Corp.
ITT Fluid Technology Corp.
Johnson & Johnson Int.
Johnson Controls Inc.
Kraft Foods International, Inc.
Lear Corporation
Lem Dyn Amp
McDonald's Corporation
Marriott International, Inc.
Mars Inc.

MeadWestvaco Corp.
Merck & Co., Inc.
Modine USA
Otis Elevator Co.
Pioneer Hi-Bred International Inc.
PricewaterhouseCoopers LLP
PQ International Inc.
Quintiles Transnational Corp.
Schindler Elevator Corp.
Starwood Hotels and Resorts Worldwide, Inc.
Toys"R"Us, Inc.
United Global Com, Inc.
Unysis Corporation
Verizon Information Services Inc.
Western Union
Western Wireless International
Worthington Cylinder Corp.
York International
Xerox Corporation

The following is a brief list of firms headquartered in countries other than the U.S., holding major investments in Austria.

Alcatel Holding, Netherlands
Allianz AG, Germany
Amer, Finland
Asea Brown Boveri, Switzerland
Assicurazioni Generali, Italy
Aventis, Germany
Axel Springer Verlag, Germany
Bank for Foreign Trade, Russia
BASF, Germany
Bayer AG, Germany
Bayerische Motorenwerke (BMW), Germany
Bombardier, Canada
Bosch Robert AG, Germany
Borealis, Denmark
BP Amoco, UK
DaimlerChrysler, Germany
Detergenta Investment, Germany
Deutsche Telekom, Germany
Electricite de France, France
Electrolux, Sweden
Epcos AG, Germany
Ericsson, Sweden
Flextronics International, Singapore
Gallaher, U.K.
Heineken, Netherlands
Hipp, Germany
HypoVereinsbank AG (HVB Gruop), Germany
Infineon, Netherlands

Kone Corp., Finland
Koramic, Belgium
Liebherr, Switzerland
Magna, Canada
MAN, Germany
Mazda Corp., Japan
Mondi Europe, Luxembourg and UK
Nestle S.A., Switzerland
NKT Cables, Denmark
Novartis, Switzerland
Nycomed Holding, Denmark
Philips, Netherlands
Rewe, Germany
Rothenberger, Germany
RWE, Germany
Sappi Ltd, South Africa
Shell Petroleum N.V., Netherlands
Siemens, Germany
Smurfit Group, Ireland
Solvay Et Cie, Belgium
Sony, Japan
Sueddeutscher Verlag, Germany
Svenska Cellulosa Ab (SCA), Sweden
Unilever N.V., Netherlands
Voith, Germany
Westdeutsche Allgemeine Zeitung (WAZ), Germany
Westdeutsche Landesbank, Germany

Web Resources

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www.wvff.gv.at
www.aba.gv.at
www.miga.org
www.uncitral.org

Vienna Business Agency
Austrian Business Agency
Multilateral Investment Guarantee Agency (MIGA)
United Nations Commission on International Trade
Law (UNCITRAL)

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Austria 2005 CCG - Ch 07: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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How Do I Get Paid (Methods of Payment)

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For suppliers entering the Austrian market for the first time or selling to new customers, the usual practice is to require confirmed and irrevocable letters of credit. Most trade relationships between the United States and Austria, however, are well-established, and less stringent requirements, including both open account and extended terms, are often agreed upon once confidence is established. As Austria is a fully developed industrial nation, no special funding of U.S. export sales is available from U.S. governmental or multinational institutions. Austria's international credit rating gives it preferred status for trade, finance and investment guarantees. A bilateral arbitration agreement exists and can be included in contracts. In Austria, the period allowed for payment is between 30 and 60 days. Early payments are credited with a 3 percent discount. Supplier credits are common.

How Does the Banking System Operate

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A wide range of credit and financial instruments is offered by all of Austria's banks. The Austrian banking system is well developed, with worldwide correspondent relations, as well as offices and branches in the United States and other major financial centers. Large Austrian banks also have branches, subsidiaries, and joint venture operations in Central and Eastern Europe. Many major foreign banks, including American, have operations in Austria.

Austrian banks can also help arrange financing for export and investment transactions in Central and Eastern Europe. The Austrian Government has neither a countertrade policy nor specific regulations in this field.

General financing to establish foreign operations in Austria is readily available. Foreign firms enjoy access to Austrian credit and capital markets without restriction. On January 1, 2002, Euro notes and coins were introduced. Since March 1, 2002, the Euro is the only legal tender in Austria and the entire Euro area, which besides Austria includes eleven other member countries. Thus, U.S. investors face no exchange rate risk in Austria vis-a-vis the other eleven EMU participants.

Foreign-Exchange Controls

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Austria has a fully liberalized foreign exchange regime. There are no limitations on cross-border payments, whether related to foreign trade, capital investments, or other transactions, except to countries under UN or EU sanctions.

U.S. Banks and Local Correspondent Banks

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Austrian Branches/Subsidiaries of U.S. Banks:

American Express Bank Ltd. TRS
Kaerntnerstrasse 21-23
A-1015 Vienna, Austria
Tel: (0043 1) 515 11-0
Fax: (0043 1) 515 11-100
Website: www.americanexpress.at

Commercial and private

Citibank International plc
Austria Branch
Kaerntnerring 11-13
A-1010 Vienna, Austria
Tel: (0043 1) 717 17-0
Fax: (0043 1) 712 97 07
Website: www.citigroup.com

Corporate and investment
banking - no retail services

GE Capital Bank GmbH
Donau-City Strasse 6
A-1223 Vienna, Austria
Tel: (0043 1) 260 70 9217
Fax: (0043 1) 260 70 9469
Website: www.gecapital.at

Consumer financial services

Austrian Banks with Subsidiaries in the U.S.

Erste Bank der oesterreichischen
Sparkassen AG
Graben 21
A-1010 Vienna, Austria
Tel: (0043 1) 50100-0
Fax: (0043 1) 50100-9-10100

Erste Bank der oesterreichischen
Sparkassen AG
280 Park Avenue
West Building, 32nd Floor
New York, NY 10017
Tel: (212) 984-5600

Website: www.erstebank.at

Fax: (212) 986-1423

Raiffeisen Zentralbank AG
Am Stadtpark 9
A-1030 Vienna, Austria
Tel: (0043 1) 717 07-0
Fax: (0043 1) 717 07-1715
Website: www.rzb.at

RZB Finance LCC
1133 Avenue of the Americas
New York, NY 10036
Tel: (212) 845-4100
Fax: (212) 944-2093

Project Financing

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Commercial financing is readily available from Austrian banks and institutions on normal market terms, but international financial institutions are not active in Austria. Concessionary financing may be available for U.S. firms in association with Austrian companies for projects in neighboring Central and Eastern European countries.

OPIC does not operate in Austria. The ExIm Bank has no active programs in Austria. The risk of political or economic disturbances that could disrupt trade or investment projects in Austria is judged to be very low.

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<http://www.exim.gov>

http://www.exim.gov/tools/country/country_limits.html

<http://www.opic.gov>

<http://www.tda.gov/>

<http://www.sba.gov/oit/>

<http://www.fsa.usda.gov/ccs/default.htm>

<http://www.usaid.gov>

Export-Import Bank of the United States

Country Limitation Schedule

OPIC

Trade and Development Agency

SBA's Office of International Trade

USDA Commodity Credit Corporation

U.S. Agency for International Development

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Business Customs

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Business practice and etiquette are basically the same in Austria and America. The main difference is the relatively formal environment in which business is generally conducted in Austria. For example, when making appointments with prospective buyers or clients, it is customary to make initial contact well in advance, either in writing or by phone, and to offer to meet on the premises of the person in question. Another manifestation of Austrian formality is the widespread use of titles, be they in recognition of a university degree or a position in a firm or in the government. The most common are "Doktor" (a university degree similar to the U.S. doctorate), "Magister" (similar to the U.S. master of arts), and "Diplom-Ingenieur" (similar to the U.S. master of science).

Austrians would prefer to have the host at a function introduce them to the other guests rather than to introduce themselves. When Austrians do introduce themselves, they usually just give their family name. First names may or may not come later in a relationship. Although first names are used immediately in social situations in the United States, with many employees calling their bosses by their first names, this is not done in Austria. There are, of course, exceptions, particularly among the younger generation. Take your cue from the people around you.

Austrians shake hands whenever they greet or leave acquaintances; this is done with everyone in a group. A woman offers her hand first to the man, and the older person to the younger. Handshakes are firm with direct eye contact. It is considered rude to have your hands in your pockets while being introduced or while talking to anyone.

Tipping

In Austria a 10 percent service charge is generally included in hotel and restaurant bills. Where this is the case, only a small amount of extra change need be left as an additional

tip. The common practice is to round up to the next even amount. In a restaurant the tip is always handed to the waiter or waitress, and never left on the table.

- Taxis – 10 percent of the fare, more if the driver has helped with baggage.
- Hotels – moderate tips such as EUR 1 to 2 per bag or suitcase handled are in order for bell-hops or others who perform special services for guests.
- Barber – about 10 percent for a man's haircut.
- Hairdresser – about 10 percent is customary, plus EUR 2 to 3 for the assistant who washes your hair. However, it is regarded as an insult if you tip the owner of the shop.

Overall, Austrians are generally well disposed toward Americans. Showing understanding for the Austrian way of doing things will prove rewarding.

Travel Advisory

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There are no travel advisories specifically for Austria.

Travel warnings are issued when the U.S. State Department recommends that citizens either avoid travel altogether, or exercise various cautions, when visiting a specific country. Countries where this is recommended will have a travel warning as well as Consular Information Sheets. These sheets are available for every country of the world and can be found online at http://travel.state.gov/travel/warnings_consular.html

In addition, you can refer to the U.S. Department of State's pamphlet, A SAFE TRIP ABROAD, for ways to promote a trouble-free-trip. The pamphlet is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. You can also view this document online at <http://travel.state.gov/asafetripabroad.html>

Austria is a predominantly mountainous, landlocked Central European country, with an area of 32,378 mi² (83,859 km²) and a population of 8.2 million. It is divided into nine federal provinces: Wien (Vienna), Niederoesterreich (Lower Austria), Burgenland, Steiermark (Styria), Oberoesterreich (Upper Austria), Salzburg, Kaernten (Carinthia), Tirol (Tyrol) and Vorarlberg.

The climate varies considerably from the Alpine region to the eastern plain. Summers can be hot, humid and long; cold winters bring snow and ice.

Electrical voltage

The European standard is 230 volts/50 cycles. All 110 volt U.S. appliances need a transformer in order to use Austrian current. Clocks and other appliances that require 60 cycle current will not function properly, even with a transformer. Austria uses a plug with two small, round prongs. Adapters and converters for small appliances are available at luggage or travel stores and at Radio Shack in the United States.

Safety

Although statistics show crime has risen in recent years, Vienna is often cited as one of the safest cities in Europe, and Austria is considered one of the safest countries in the world. Violent crime in Austria is very rare. The most worrisome crime in urban areas is to have your pocket or purse “picked”. As in any big city, you should take care when walking alone – avoid dark and isolated places – but for the most part you will be reasonably safe anytime of day and night.

There are three separate emergency numbers: Fire: 122, Police: 133, Ambulance (Rettung): 144. These emergency calls are free of charge.

Arrival at Vienna International Airport

Vienna International Airport, also called Schwechat International, is located about 12 miles east of Vienna near the town of Schwechat. It is a short 20 to 30 minute ride by taxi, bus, or train from the airport to the city center. A shuttle bus departs every 20 or 30 minutes from the lower level of the airport, with stops at Wien Mitte and Wien Nord train stations. There is also the S-7 Schnellbahn (train) that runs from Wien Nord, via Wien Mitte, to Vienna International Airport and back, about every half hour. The trip takes 30 minutes and costs EUR 3. Call 93000 35 398 for information in English.

The City Airport Train (CAT) is an express train service to/from “Wien Mitte”. The ride lasts 16 minutes and costs EUR 9 one way, EUR 16 return ticket. Trains leave every 30 minutes. You can check in your luggage in the city.

Tourist information is available in the arrival area of Vienna International Airport, as well as at train stations. The Vienna Tourist Information Office is located behind the State Opera House at Kaerntner Strasse 38 in the 1st district. There is also a City Information Office at the City Hall (Rathaus).

The currency used in Austria is the Euro and cents (1 Euro = 100 cents).

The Austrian National Tourist Office, Inc. in North America conducts nationwide and regional promotions and co-op marketing programs, and offers numerous support services. Please consult their website: www.austria-tourism.at/us

Business travelers to Austria seeking appointments with U.S. Embassy Vienna officials should contact the Commercial Section in advance as visitors are accepted on an appointment basis only. The Commercial Section can be reached by telephone at (43 1) 313 39-2297, fax at (43 1) 310 69 17 or E-mail at vienna.office.box@mail.doc.gov

Visa Requirements

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A visa is not required for U.S. citizens who wish to stay in Austria for up to two three-month periods during one calendar year. At the conclusion of the six-month stay, you must leave the country. The exception is if you have already submitted and received a residence permit.

For further detailed information please consult the website of the Consular Section of the U.S. Embassy in Vienna: <http://www.usembassy.at/en/embassy/cons/index.html>

U.S. companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Vienna Consular Section:
<http://www.usembassy.at/en/embassy/cons/index.html>

Telecommunications

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Telecommunications services are reliable in Austria. The phone system is fully automated, and direct dialing is available to most countries in the world at varying international rates. The system was for many years monopolized by the government-owned and operated company Telekom Austria. A few years ago the government deregulated the system and new companies entered the market. Telekom Austria still exists as a partially government-run agency, but now it has competition.

Public telephone booths are conveniently located throughout cities and the countryside. You can use coins or a pre-paid calling card (Telefonwertkarte). The card can be bought at post offices or Tabak-Trafik shops.

Direct Long Distance

To make a direct call outside Austria, first dial "00" and then the country code (e.g. 0044 for Great Britain), the area code, and finally the phone number. International country codes are listed at the front of the white pages in the Vienna telephone book. Please use 001 for the United States and Canada instead of 00+country code. Naturally, the country names in the telephone book are in German. Area codes for major cities within the specific countries are also listed. The list also provides the time difference (Zeitunterschied) given in numbers of hours between Austria and the destination country. For credit card calls, dial 0802 34 56 or 0800 287 874 21 (toll-free). For long distance information, call 11 88 77 for Austria, Germany and the EU countries and countries bordering Austria. For other countries, call 0900 11 88 77. Online telephone information for Austria is also provided by Herold Business Data AG under <http://www.otb.at>

Internet Calling

For inexpensive internet phone service please use the following sites: <http://www.dialpad.com> or <http://www.icconnectthere.com>

Call-Back Long Distance Services

There are also call-back long-distance carriers that offer reasonably priced calls to the United States. They are known as "call-back" services because you call a phone number, hang up and wait for it to call back. It then connects you to an open U.S. phone line. For this service please contact:

InCom Austria
Claudia Poetzl (business provided in English)
Tel.: (0043 1) 979 23 98,
E-mail: claudiainaustria@hotmail.com

Cellular phones

These phones are called "Handys" in the German speaking areas of Europe. Austria uses the GSM standard for its cellular service. Unless you are in a very remote area, you will most likely have coverage. A tri-frequency cell phone will provide service in Austria and the United States. You are not allowed to drive and use a hand-held cellular phone at the same time. If you are caught without a hands-free system (Freisprechanlage), you will be fined. During traffic jams, drivers are exempt from this law.

The following cell phone networks are used in Austria:
A1 (Telekom Austria), tel.: 0800 664 664 <http://www.mobikom.at>
ONE, tel.: 0800 777 799, <http://www.one.at>
Tele-ring, tel.: 0800 650 650, <http://www.telering.at>
T-Mobile, tel.: 0670 2000, <http://www.maxmobil.at>

Computers and Internet used for business purposes

When entering Austria, please go through Customs, declare your laptop or notebook, and state that it is used for doing business only (e.g. PowerPoint presentations). It is advisable to have the value of the electronic equipment (as evidenced in a copy of the original invoice) available. You will be issued a Customs paper called VERWENDUNGSSCHEIN, which will also include your departure date (there is an upper limit of 12 months). When leaving Austria, please go through Customs again for a check-out.

Visitors to Austria can also use numerous Internet Cafes throughout the country. Check with your hotel receptionist or the yellow pages of the local telephone directory.

Transportation

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Direct flights connect Vienna to several U.S. cities. Austria's modern highways link most cities, and numerous border crossings into neighboring countries are easily accessible (although delays should be anticipated crossing non-EU borders). Air travel between major cities in Austria and in the region is available, and overland travel by train or bus is comfortable and reliable. Rail travel is pleasant and convenient. Save money by sitting in second class, which provides more than enough comfort within Austria. If you plan extensive traveling, an Austrian Railpass or Eurailpass may be the best value. The

Austrian Railpass offers four days of unlimited travel in a 10-day period and includes some major shipping lines. If you are including Austria on a multi-nation itinerary, Eurailpasses are honored in 17 countries. For people wanting unlimited travel, the Eurail ticket provides the option to travel in and between 27 countries in Europe. For detailed rail information as well as purchases of rail tickets, call: DER Rail: (708) 692-6300 or Rail Europe: 877-257-2887 between 9am and 9pm EST Monday-Friday, or visit their website at: www.raileurope.com.

Toll stickers are required on all vehicles on Austria's major highways. They can be obtained from the Austrian Automobile Clubs as well as post offices, gasoline stations and at borders. The following fees apply: an annual sticker for private cars and motor homes weighing up to 3.5 tons is EUR 72.60 and for motorcycles EUR 29.00; a two-month sticker is EUR 21.80 and EUR 10.90 respectively; and a ten-day sticker costs EUR 7.60 and EUR 4.30 respectively. Stickers must be applied on the upper middle or left side of the windshield in cars and on motorcycles on any good visible part. Motorists who do not possess the appropriate sticker are subject to a fine. Cars rented in neighboring countries may or may not be equipped with the sticker, so please remember to obtain one from your car rental agency.

Contact information for the Austrian Automobile Clubs:

OEAMTC, Tel.: (0043 1) 729-0 (information) and (0043 1) 120 (24-hour road service)

Website: <http://www.oeamtc.at>

ARBOE, Tel.: (0043 1) 991 21-0 (information) and (0043 1) 123 (24-hour road service)

Website: <http://www.arboe.at>

All of the major car rental companies can be found at the Vienna International Airport. Some are also located in town:

AVIS Autovermietung Ges.m.b.H.

Gudrunstrasse 179A

A-1100 Vienna, Austria

Tel.: (0043 1) 601 870

Fax: (00 43 1) 601 87-46

E-mail: guenter.sauerwein@avis.at

Website: <http://www.avis.at>

Hertz Autovermietung

Kaerntner Ring 17

A-1010 Vienna, Austria

Tel.: (0043 1) 512 86 77

Fax: (0043 1) 512 50 34

E-mail: wiendt@hertz.at

Website: <http://www.hertz.at>

In Vienna, districts 1, 2, 3, 4, 5, 6, 7, 8, 9 and 20 are so-called "Kurzparkzonen" - Short Time Parking Zones. On weekends, there is free parking. Monday through Friday the parking time is limited to 1 ½ hours from 9:00 am to 7:00 pm in the 1st district, and 2 hours from 9:00 am to 8:00 pm in all other districts. To use Short Time Parking Zones, tickets have to be displayed on the dashboard. They can be purchased at Tabak Trafiks or banks. Throughout the provinces, regulations for short time parking vary. Numerous

cities have pay meters, and some use cardboard clocks indicating arrival and departure time which must be displayed on the car dashboard.

Public transportation is excellent throughout the country, and particularly good in larger cities. In Vienna, a public transportation ticket is valid on any form of public transportation – U-Bahn, Schnellbahn, trams or buses, even within the same trip. The honor system is used here, however, periodic checks by controllers and the hefty fine dissuade most people from riding without a ticket. Tickets can be bought in advance (less expensive) at VORVERKAUFSSTELLEN, ticket machines and from a Tabak Trafik. Trams and buses have integrated machines. There are single tickets, 24-hour and 72-hour tickets, 8-day tickets, weekly and monthly travel passes, as well as annual travel passes. Please find information in German online: <http://www.wienerlinien.at>

Language

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For a traveler, it is no problem to get around the country with little or no knowledge of the German language. Most Austrians speak English (mandatory in school) and are eager to help.

Health

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Water

Vienna's water is not only safe to drink from the tap, but is recommended. It comes from alpine springs and is very refreshing. However, the water supply is not fluoridated. This is true throughout Austria.

If you need to consult a doctor, please check with the receptionist at your hotel or make use of the yellow pages of the local telephone directory.

Emergency room service is not offered at private hospitals, but only at public facilities, and there is often more than one emergency room in a hospital managing different types of problems and age groups. The ambulance may be instructed to transport you to specific center. You usually are not permitted to drive up to the ambulance entrance in your own car. If you need urgent assistance, you should go by ambulance.

Public hospitals:

Allgemeines Krankenhaus der Stadt Wien (AKH) or University Hospital
Waehringer Guertel 18-20
A-1090 Vienna, Austria
Tel.: (0043 1) 40400
Children's Clinic: (0043 1) 404 00, X3229 or 3240

Wilhelminenspital der Stadt Wien
Montleartstrasse 37

A-1160 Vienna, Austria
Tel.: (0043 1) 491 50-0
Children's Clinic: (0043 1) 491 50, X2924

Dental emergencies:

The weekend edition of the Viennese daily newspapers lists the on-call dentists and dental surgeons available for dental emergencies (Zahnaerzte und Dentisten) under the heading "Notdienst". Also available is the

Dental University Clinic (Zahnklinik)
Waehringer Strasse 25a
A-1090 Vienna, Austria
Tel.: (0043 1) 4277 67133

American physicians expect their patients to ask lots of questions and seek explanations, as partners in health care. This is not as common in Austria as in the U.S.

Pharmacies in Austria are not open 24 hours a day. They usually have hours from 8:00 am through 6:00 pm, and on Saturday from 8:00 am through 12:00 noon. There is a rotating schedule of pharmacies that provide services after these hours, and their location will be posted at the entrance to a closed pharmacy.

Local Time, Business Hours, and Holidays

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between Vienna and New York City. Also, military time is often used. For example 5 p.m. is written as 17:00. Variations may be 17 U or 17.00 or 17 h. Times (especially in movie and theater listings) are distinctly Austrian: $\frac{1}{4} 4 = 3:15$, $\frac{1}{2} 4 = 3:30$, $\frac{3}{4} 4 = 3:45$.

Austria follows Daylight Savings Time, which begins the first Sunday in April and ends in October.

The following holidays will be observed in Austria in calendar year 2005:

January 1, 2005	Saturday	New Year's Day
January 6, 2005	Thursday	Epiphany
March 28, 2005	Monday	Easter
May 1, 2005	Sunday	Labor Day
May 5, 2005	Thursday	Ascension Day
May 16, 2005	Monday	Whit Monday
May 26, 2005	Thursday	Corpus Christi Day
August 15, 2005	Monday	Assumption Day
October 26, 2005	Wednesday	National Day
November 1, 2005	Tuesday	All Saint's Day
December 8, 2005	Thursday	Immaculate Conception
December 25, 2005	Sunday	Christmas Day

December 26, 2005 Monday

St. Stephen's Day

Business visitors should note that the Austrian vacation season is in July and August, and that many decision-makers take extended vacations during that time -- sometimes four weeks or more. Business visits or events are not recommended during these two months. Many offices and businesses close Friday afternoons, reflecting the widely implemented 38.5-hour workweek.

Temporary Entry of Materials and Personal Belongings

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Computers used for business purposes

When entering Austria, please go through Customs, declare your laptop or notebook, and state that it is used for doing business only (e.g. PowerPoint presentations). It is advisable, to have the value of the electronic equipment (evidenced on a copy of the invoice) available. You will be issued a Customs paper called VERWENDUNGSSCHEIN, which will also include your departure date (there is an upper limit of 12 months). When leaving Austria, please go through Customs again for a check-out.

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http://travel.state.gov/travel_warning.html#a	U.S. State Department Travel Warning
http://travel.state.gov/asafetripabroad.html	Safe Trip Abroad Pamphlet
vienna.office.box@mail.doc.gov	Contact for U.S. business travelers at the Commercial Service Austria
http://www.austria-tourism.at/us	Austrian National Tourist Office
http://www.usembassy.at/en/embassy/cons/index.html	- U.S. Embassy Visa Information
http://www.otb.at	Online Telephone Information in Austria
http://www.dialpad.com	Internet Phone Service
http://www.avis.at	Avis Rent-a-Car in Austria
http://www.hertz.at	Hertz Rent-a-Car in Austria
http://www.wienerlinien.at	Public Transportation Information in Vienna

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Contacts

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Austrian Government Agencies

Embassy of Austria in the United States
3524 International Court N.W.
Washington, DC 20008-3035
Tel.: (202) 895-6700 Fax: (202) 895-6750
E-mail: austrianembassy@washington.nu

Consular Section:
Tel.: (202) 895-6709 Fax: (202) 895-6773
E-mail: consularsection.washington@mailbox.as
Website: www.austria.org/contact.htm

Federal Agency for Industrial Cooperation and Development acts as the management consulting arm of the Republic of Austria.

In the U.S.:
Austrian Business Agency
120 West 45th Street, 9th floor
New York, NY 10036
Tel.: (212) 398-1221
Fax: (212) 398-1511
E-Mail: office-usa@aba.gv.at

In Austria:
Austrian Business Agency
Opernring 3
A-1010 Vienna, Austria
Tel.: (0043 1) 588 58-0
Fax: (0043 1) 586 86 59
E-Mail: office@aba.gv.at
Website: www.aba.gv.at

Federal Ministry of Economics and Labor
Stubenring 1
A-1010 Vienna, Austria
Tel.: (0043 1) 711 00-0 Fax: (0043 1) 713 93 11 or 713 79 95
E-mail: service@bmwa.gv.at
Website: www.bmwa.gv.at

Federal Ministry of Agriculture, Forestry, Environment and Water Management
Stubenring 1
A-1010 Vienna, Austria

Tel.: (0043 1) 711 00-0 Fax: (0043 1) 711 00-2127
E-mail: buero.proell@lebensministerium.at
Website: www.lebensministerium.at

Austrian Trade Associations/ Chambers of Commerce

Austrian Trade Commission operates offices in the U.S. at the following locations:

New York: 150 East 52nd Street, 32nd floor
New York, NY 10022
Tel.: (212) 421-5250 Fax: (212) 751 4675
E-mail: newyork@wko.at

Illinois: 500 North Michigan Avenue, Suite 1950
Chicago, IL 60611-3794
Tel.: (312) 644-5556 Fax: (312) 644 6526
E-mail: chicago@wko.at

California: 11601 Wilshire Blvd.
Suite 2420, Los Angeles, CA 90025
Tel.: (310) 477 9988 Fax: (310) 477 1643
E-mail: losangeles@wko.at

The following telephone number can be used for all Austrian Trade Delegates:
1-800-VIP-AHST. Website: www.austriantradeus.org

American Chamber of Commerce in Austria
Porzellangasse 35
A-1090 Vienna, Austria
Tel.: (0043 1) 319 57 51 Fax: (0043 1) 319 51 51
E-mail: office@amcham.or.at
Website: www.amcham.or.at

Wirtschaftskammer Oesterreich (Austrian Federal Economic Chamber)
Wiedner Hauptstrasse 64
A-1045 Vienna, Austria
Tel.: (0043 1) 501 05-4204 Fax: (0043 1) 502 06-255
E-mail: awo.amerika@wko.at
Website: www.wko.at/aw

FEEI - Fachverband der Elektro- und Elektronikindustrie
(Association of the Electric and Electronic Industry)
Mariahilfer Strasse 37-39
A-1060 Vienna, Austria
Tel.: (0043 1) 588 39-0 Fax: (0043 1) 586 69 71
E-mail: info@feei.at
Website: www.feei.at

ADV Arbeitsgemeinschaft fuer Datenverarbeitung (EDP Association)
Tratternhof 2
A-1010 Vienna, Austria
Tel.: (0043 1) 533 09 13 Fax: (0043 1) 533 09 13-77
E-mail: office@adv.at
Website: www.adv.at

Oesterreichische Computer Gesellschaft (Austrian Computer Society)
Wollzeile 1-3
A-1010 Vienna, Austria
Tel.: (0043 1) 512 02 35 Fax: (0043 1) 512 02 35-9
E-mail: ocg@ocg.at
Website: www.ocg.at

OEGUT - Oesterreichische Gesellschaft fuer Umwelt und Technik
(Austrian Association for Environment and Technology)
Hollandstrasse 10/46
A-1020 Vienna, Austria
Tel.: (0043 1) 315 63 93-0 Fax: (0043 1) 315 63 93-22
E-mail: office@oegut.at
Website: www.oegut.at

Austrian Commercial Banks/Branch Offices of Austrian Banks in the U.S.

Bank Austria Creditanstalt AG
Am Hof 2
A-1010 Vienna, Austria
Tel.: (0043 1) 711 91-0
or (0043) 0 505 05-0
Fax: (0043 1) 711 91-56155
E-mail: info@ba-ca.com
Website: www.ba-ca.com

Erste Bank der
oesterreichischen Sparkassen AG
Graben 21
A-1010 Vienna, Austria
Tel.: (0043) 0 501 00-0
Fax: (0043) 0 501 009-10100
E-mail: service@s-servicecenter.at
Website: www.erstebank.at

Erste Bank
280 Park Avenue, West Building
New York, NY 10017
Tel: (212) 984-5600
Fax: (212) 986-1423
Website: www.erstebank.com

Raiffeisen Zentralbank
Oesterreich AG
Am Stadtpark 9
A-1030 Vienna, Austria

RZB Finance LCC
1133 Ave. of the Americas, 16th floor
New York, NY 10036
Tel: (212) 845-4100

Tel.: (0043 1) 717 07-0
Fax: (0043 1) 717 07-1715
Website: www.rzb.at
Website: www.raiffeisen.at

Fax: (212) 944-2093

U.S. Commercial Service

U.S. Embassy in Austria
Boltzmanngasse 16
A-1091 Vienna, Austria
Tel.: (0043 1) 313 39-0
Fax: (0043 1) 310 69 17
E-mail: vienna.office.box@mail.doc.gov
Websites: www.buyusa.gov/austria/en
www.export.gov/cs

To mail from the United States:
Commercial Service Vienna
Unit 9900 Box 0016
DPO AE 09701-0016

U.S.-based Associations

The associations listed below represent the industries of the best prospects for U.S. products and services in Austria. This should not be considered a conclusive list of all trade associations nor infer that they have offices located in Austria. For an extensive listing of International Trade Associations, please visit the website of the Federation of International Trade Associations (FITA) at: www.fita.org

Advanced Medical Technology Association
1200 G Street, N.W., Suite 400
Washington, DC 20005-3814
Tel.: (202) 783-8700 Fax: (202) 783-8750
E-mail: info@advamed.org
Website: www.himanet.com

American Electronics Association
5201 Great America Pkwy, Suite 520
Santa Clara, CA 95054
Tel.: (408) 987-4200 Fax: (408) 986 1247
E-mail: csc@aeonet.org
Website: www.aeonet.org

Dental Trade Alliance
1900 Arch Street
Philadelphia, PA 19103-1498
Tel.: (215) 731-9975 Fax: (215) 731-9984
E-mail: staff@dmnews.org
Website: www.dmanews.org

National Electrical Manufacturers Association
Diagnostic Imaging & Therapy Systems Div.
1300 N. 17th Street, Suite 1847
Rosslyn, VA 22209
Tel.: (703) 841-3200 Fax: (703) 841-5900

E-mail: webmaster@nema.org
Website: www.nema.org

Telecommunications Industry Association
2500 Wilson Blvd., Suite 300
Arlington, VA 22201-3834
Tel: (703) 907-7700 Fax: (703) 907-7727
Website: www.tiaonline.org

Environmental Industry Associations
(National Solid Wastes Management Assoc. – NSWA)
(Waste Equipment Technology Association – WASTEC)
4301 Connecticut Ave, N.W., Suite 300
Washington, DC 20008
Tel.: (202) 244-4700 Fax: (202) 966 4824
Website: www.envasns.org

U.S.-Austrian Chamber of Commerce, Inc.
165 West 46th Street, Suite 1112
New York, NY 10036
Tel.: (212) 819-0117 Fax: (212) 819-0345
Website: www.usatchamber.com

Washington-based U.S. Government Contacts

Kelly Parsons, International Trade Specialist
Austria Desk, Room 3865
Office of Market Access and Compliance
U.S. Department of Commerce
14th & Constitution Ave, N.W.
Washington, DC 20230
Tel.: (202) 482-2434 Fax: (202) 482-2897
E-mail: Kelly_Parsons@ita.doc.gov

Europe Team Deputy Director
FAS/ITP/EAMED
Room 5517-S
U.S. Department of Agriculture
Washington, DC 20250-1024
Tel.: (202) 720-1340 Fax: (202) 690-2079
Website: www.fas.usda.gov

U.S. Department of Agriculture
Foreign Agricultural Service
Attn: Maureen Quinn
Director, Public Affairs
Room 5074-S
Washington, DC 20250-1004
Tel.: (202) 720-3448 Fax: (202) 720-1727
E-mail: info@fas.usda.gov

Website: www.fas.usda.gov

John K. Greifer, Director
Trade Support Team
U.S. Department of Agriculture
APHIS
Room 1132, SO. Bldg.
12th and Independence Ave., SW
Washington, DC 20252
Tel.: (202) 720-7677 or 78 Fax: (202) 690-2861
E-mail: john.k.greifer@usda.gov

Trade Information Center in Washington, DC:
1-800-USA-TRADE (1-800-872-8723), Fax: (202) 482-4473
Website: www.export.gov
National Trade Data Bank (NTDB): www.stat-usa.gov

Austria information: www.austria.org/ausinfo.shtml
Economic news from Austria: www.austria.org/econ11.shtml

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

(Add link to trade events section of local buyusa.gov website here or just delete this text.)

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Austria 2005 CCG - Ch 10: Guide to our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/austria/en/>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.